

Factors Influencing Green Practices In Insurance Sector And Its Impact On Behavioural Outcome

Mr. A. Kalaiselvan^{1*}, Dr. Annamalai Solayappan², Dr. Jothi Jayakrishnan³, Mr. K. Sivakumar⁴

^{1*}Research Scholar (Part-Time), Roll No: 1911130086, Department of Business Administration, Annamalai University, Annamalai Nagar, Tamilnadu, India. Assistant Professor, Department of Business Administration, Peri College of Arts and Science, Mannivakkam, Chennai.

²Assistant Professor, Research Supervisor, Department of Business Administration, (On Deputation from Annamalai University), Sri Subramaniya Swamy Government Arts College, Tiruttani, Tamilnadu, India-631209.

Mail Id: an.solayappan@gmail.com, Mobile no: 9944222110

³Professor, Department of Business Administration, Annamalai University, Annamalai Nagar, Tamilnadu, India.

⁴Assistant Professor cum H.O.D, Department of BBA, Jawaharlal Nehru College for women, Pali, Ulundurpet, Kallakurichi District, Tamilnadu, India.

ABSTRACT

The insurance industry offers a unique opportunity to contribute to this goal by providing coverage for environmentally friendly projects, promoting sustainable business practices, and encouraging investment in green technologies. The main aim of the study is to test the relationship between Perceived intention and loyalty and to determine the factors, influence the perceived intention on loyalty. This research study is falls under descriptive in nature. A sample of 424 are taken in to consideration as a sample respondent through non-Probability convenience sampling method. A well-structured questionnaire that solicited all the information needed to answer all research objectives was used in this research study. The data collected was compiled and edited to check for logical inconsistencies. The data was then coded according to the responses. Relationships between responses was assessed and presented using tables and graphs and analysis was done using SPSS 29 Version software package. The most important statistical tests applied in this research study are Correlation and Multiple regression. There is a significant relationship between perceived intention and satisfaction of green insurance. Customize green insurance products to meet individual customer needs, making them feel that the offerings are intentional and tailored, which can boost satisfaction. In conclusion, green insurance practices have the potential to significantly enhance customer satisfaction by meeting the growing demand for sustainable and responsible financial products. As insurers continue to innovate and improve their green offerings, they will not only contribute to environmental sustainability but also strengthen their relationship with customers who are increasingly seeking to make a positive impact through their insurance choices.

Keywords: Green insurance practices, Insurance sector and Behavioural outcome

INTRODUCTION

Rapid global economic growth over recent decades thanks to increasing consumer consumption has made human life more convenient and comfortable. However, rising levels of consumption have led to environmental deterioration through the overuse of natural resources (Grove, S.J., R.P. Fisk, G.M. Pickett and N. Kangun, 1996), while the environment faces further degradation because of global warming, the depletion of the stratospheric ozone layer, water, air, noise, and light pollution, and the damage caused by acid rain and desertification (Wahid, N.A., E. Rahbar and T.S. Shyan, 2011; Ismail, A., A. Kassim and M.S. Zahari, 2010). Green insurance is designed to solve environmental hazards and advance sustainability (Vyas et al., 2021). The insurance industry offers a unique opportunity to contribute to this goal by providing coverage for environmentally friendly projects, promoting sustainable business practices, and encouraging investment in green technologies (Stepanova, 2021).

REVIEW OF LITERATURE

Increasing contradictions between economic growth and environmental issues have become a significant practical problem for governments and businesses worldwide. Nowa days, societal and technological responses to climate change threats are rapidly developing, but there is still a lack of efficient financial strategies to mitigate sustainable risks (Sun et al., 2020). Green insurance is an innovative take on business sustainability practice promotion in the market. Specifically, green insurance, also known as the “environmental pollution liability insurance”, is the reimbursement of a minor party for pollution incidents’ caused losses and is theorized to promote corporates’ environmental risk control performance (Chen et al., 2021). Furthermore, it is utilized to stimulate emission-reducing inventions that adapt to the world’s everchanging climates (Wang et al., 2017). Nowadays, green insurance encompasses various insurance products that are available in most green economies, including green building insurance, “global weather insurance”, green car insurance, and renewable energy insurance (Zona et al., 2014). Central banks and global regulators recognize green insurance

policies’ significant role in mitigating climate change (Ramani, 2020). Insurance companies can accelerate global economic transformation and help governments achieve sustainability goals (Muhamat et al., 2017). As Chen et al., (2019) agree, green insurance can be used to strengthen the promotion of environmentally friendly politics and develop efficient inspection, examination, and assessment and approval systems. Moreover, the development of policies focused on green insurance development will also improve the liquidity of green insurance investment projects and thereby effectively stimulate the internal motivation of insurance. Thus, due to its significant role in risk management and investment activity, the insurance industry is crucial for the global promotion of environmental, economic, and social sustainability. This aim can be achieved via capital flow and long-term horizon orientation of investments, forcing society to shift to a green and inclusive economy.

METHODOLOGY

The main aim of the study is to test the relationship between Perceived intention and loyalty and to determine the factors, influence the perceived intention on loyalty. This research study is falls under descriptive in nature. A sample of 424 are taken in to consideration as a sample respondent through non-Probability convenience sampling method. A well-structured questionnaire that solicited all the information needed to answer all research objectives was used in this research study. The data collected was compiled and edited to check for logical inconsistencies. The data was then coded according to the responses. Relationships between responses was assessed and presented using tables and graphs and analysis was done using SPSS 29 Version (Statistical Package for the Social Sciences) software package. The most important statistical tests applied in this research study are Correlation and Multiple regression.

Hypothesis

H₀: There is no significant relationship between perceived intention and loyalty.

H₁: Perceived Intention do not influence on loyalty.

ANALYSIS AND INFERENCE

Table 1: Relationship between Perceived intention and loyalty

Correlations					
		Loyalty	Values	Attitude	Behaviour
Loyalty	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	424			
Values	Pearson Correlation	0.656*	1		
	Sig. (2-tailed)	0.001			
	N	424	424		
Attitude	Pearson Correlation	0.577*	0.782*	1	
	Sig. (2-tailed)	0.001	0.001		
	N	424	424	424	
Behaviour	Pearson Correlation	0.191*	0.133*	0.183*	1
	Sig. (2-tailed)	0.001	0.006	0.001	
	N	424	424	424	424

* Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data computed, * Significant at one percent level.

Inference:

Table-1 portrays the relationship between relationship between Perceived intention and loyalty. Here, perceived intention dimensions such as Values, Attitude and Behaviour are considered as independent variables and loyalty considered as dependent variable. The correlation value such as Values (0.656), Attitude (0.577) and Behaviour (0.191) are positive significant relationship with loyalty.

H₀: There is no significant relationship between perceived intention and loyalty.

In order to examine the above stated hypotheses, Pearson correlation is executed. The P-values are significant at one percent level. Thus, the stated hypothesis (H₀) is rejected. It is to be noted that the Values are having high level correlation and positive significant relationship with loyalty, Attitude are having medium level correlation and positive significant

relationship with loyalty and Behaviour are having low level correlation and positive significant relationship with loyalty. It is inferred that there is a significant relationship between perceived intention and loyalty.

Table-2: Factors Influence the Perceived Intention on loyalty

R	R Square	Adjusted R Square	F	Sig. Value
0.670 ^a	0.450	0.446	114.344	0.001*

Source: Primary data computed. *Significant at one percent level.

Coefficients ^a					
Perceived Intention	Unstandardized Coefficients		Standardized Coefficients	T	Sig. Value
	B	Std. Error	Beta		
(Constant)	34.600	1.657		20.884	0.001*
Values	4.347	0.476	0.530	9.132	0.001*
Attitude	1.079	0.437	0.145	2.470	0.014**
Behaviour	0.996	0.389	0.094	2.557	0.011**

Source: Primary data computed. *Significant at one percent level, ** significant level at five percent level.

Inference:

Table-2 explains the factors influencing Perceived Intention on loyalty. Here Perceived Intention such as Values, Attitude and Behaviour are considered as independent variables and loyalty is considered as dependent variable.

H₀: Perceived Intention do not influence on loyalty.

Further, stepwise multiple regression is applied to identify the most predictor Perceived Intention on loyalty. Regression analysis is applied to know the effect of exploratory variables on the dependent variable. The adjusted r-square value is found to be 0.446. It is inferred that the independent variables are influenced at 0.446 levels. It is found that the independent variables of Perceived Intention such as Values, Attitude and Behaviour are influenced at 44.6 percent towards loyalty. The p-value is 0.001. So, the hypothesis is rejected.

The unstandardized co-efficient beta value indicates the strength of relationship between dependent and exploratory variables. It is expressed by the equation as follows;

$$\text{Loyalty} = 34.600 + 4.347 (\text{Values}) + 1.079 (\text{Attitude}) + 0.996 (\text{Behaviour})$$

It is to be noted that the Values, Attitude and Behaviour are positively influencing the Loyalty. Hence, Perceived Intention influence on Loyalty.

FINDINGS

- The relationship between perceived intention and loyalty is to be carried out by using Pearson correlation. The P-values (0.001) are significant at one percent level. Thus, the stated hypothesis (H₀) is rejected. It is inferred that there is a significant relationship between perceived intention and loyalty. It is to be noted that the Values are having high level correlation and positive significant relationship with loyalty, Attitude are having medium level correlation and positive significant relationship with loyalty and Behaviour are having low level correlation and positive significant relationship with loyalty.
- Stepwise multiple regression is applied to identify the most predictor Perceived Intention on loyalty. It is found that the independent variables of Perceived Intention such as Values, Attitude and Behaviour are influenced at 44.6 percent towards loyalty. The p-value is 0.001. So, the hypothesis is rejected. It is to be noted that the Values, Attitude and Behaviour are positively influencing the Loyalty. Hence, Perceived Intention influence on Loyalty. It is to be identified that Green Insurance Practices influence on perceived intention.

SUGGESTIONS

- ✓ There is a significant relationship between perceived intention and satisfaction of green insurance. Customize green insurance products to meet individual customer needs, making them feel that the offerings are intentional and tailored, which can boost satisfaction.
- ✓ Develop insurance products that address environmental risks, such as pollution liability insurance, coverage for renewable energy projects, or policies that support sustainable agriculture. Helps businesses manage environmental risks and promotes investment in sustainable industries.
- ✓ Offer travel insurance that includes coverage for eco-friendly activities and encourages sustainable travel options, such as coverage for carbon-neutral travel plans or discounts for trips that minimize environmental impact. Promotes sustainable travel behaviours among policyholders and reduces the environmental impact of tourism.

- ✓ Ensure that the digital platforms for managing green insurance policies are user-friendly, efficient, and accessible. Provide easy access to policy information, claims processing, and customer support. A smooth digital experience reduces frustration, enhances convenience, and boosts overall customer satisfaction.
- ✓ Implement robust feedback mechanisms to gather customer opinions on green insurance policies. Use surveys, focus groups, and online reviews to understand customer needs and continuously improve the policy offerings. Regular feedback ensures that policies are aligned with customer expectations, leading to higher satisfaction.

CONCLUSION

The integration of educational initiatives, community engagement, and effective customer support further enhances the customer experience. These elements help build trust, loyalty, and a deeper connection between the insurer and the policyholder, making green insurance not just a product, but a part of a broader lifestyle choice that resonates with customers' values. In conclusion, green insurance practices have the potential to significantly enhance customer satisfaction by meeting the growing demand for sustainable and responsible financial products. As insurers continue to innovate and improve their green offerings, they will not only contribute to environmental sustainability but also strengthen their relationship with customers who are increasingly seeking to make a positive impact through their insurance choices.

REFERENCE

1. Chen, Haitao, Meifang Yao, and Dazhi Chong. (2019). Research on Institutional Innovation of China's Green Insurance Investment. *Journal of Industrial Integration and Management*, 4, 1-17.
2. Chen, Qiuping, Bo Ning, Yue Pan, and Jinli Xiao. (2021). Green finance and outward foreign direct investment: Evidence from a quasi-natural experiment of green insurance in China. *Asia Pacific Journal of Management*, 1-26.
3. Grove, S.J., R.P. Fisk, G.M. Pickett and N. Kangun (1996). Going green in the service sector: Social responsibility issues, implications and implementation. *European Journal of Marketing*, 30(5), 56-66.
4. Ismail, A., A. Kassim and M.S. Zahari (2010). Responsiveness of restaurateurs towards the implementation of environmentally-friendly practices. *South Asian Journal of Tourism and Heritage*, 3(2), 1-10.
5. Muhamat, Amirul Afif, Mohamad Nizam Jaafar, Mohd Faizal Basri, Sharifah Faigah Syed Alwi, and Siti Aminah Mainal. (2017). Green Takaful (Insurance) as a Climate Finance Tool. *Advanced Science Letters*, 23, 7670-7673.
6. Ramani, Veena. (2020). Addressing Climate as a Systemic Risk.
7. Stepanova MN (2021). The place and role of insurance in shaping a "green" economy. *Vestnik Universiteta*, 10, 147-154. <https://doi.org/10.26425/1816-4277-2021-10-147-154>
8. Sun, Yingying, Kexin Bi, and Shi Yin. (2020). Measuring and Integrating Risk Management into Green Innovation Practices for Green Manufacturing under the Global Value Chain. *Sustainability*, 12, 545.
9. Vyas S, Dalhaus T, Kropff M, et al. (2021). Mapping global research on agricultural insurance. *Environ Res Lett* 16: 103003. <https://doi.org/10.1088/1748-9326/ac263d>
10. Wahid, N.A., E. Rahbar and T.S. Shyan (2011). Factors influencing the green purchase behavior of Penang environmental volunteers. *International Business Management*, 5(1), 38-49.
11. Wang, Chan, Pu-yan Nie, Da-heng Peng, and Zheng-hui Li. (2017). Green insurance subsidy for promoting clean production innovation. *Journal of Cleaner Production*, 148, 111-117.
12. Zona, Rita, Kevin Roll, and Zora Law. (2014). Sustainable/Green Insurance Products. *Casualty Actuarial Society E-Forum*, 165-172.