United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

Environmental, Social and Governance (ESG) Practices in the Indian Insurance Sector: A Select Study

Mr. Amma Ravi[1]
Research Scholar
Dr. T. Venkata Gopala Shastry[2]
Associate Professor
Department of Commerce and Business Management
Chaitanya (Deemed to be University)
Himayatnagar, Hyderabad (TS) INDIA

Article Received:10-01-2026 Article Modified:24-01-2026
Article Accepted:30-01-2026 Article Published:30-01-2026
DOI:10.37854/UIJMR.2026.3.1.446

Abstract

The insurance industry is a crucial enabler of the economic and financial growth of a country in terms of offering financial security, contributing to the savings mobilization, enabling investments and contributing to financial inclusion. In India, the insurance sector has undergone significant transformations with the growth of life insurance and general insurance sectors and the involvement of public and private sector corporations. Insurance penetration, insurance density and access to insurance services are all important considerations for strengthening the contribution of insurance to economic development, however. Additionally, in today's business world, the importance of Environmental, Social and Governance (ESG) practices has been rising in the field of responsible business operations, sustainable investments, effective risk management and corporate accountability. In addition, the insurance industry has great potential to advance the United Nations Sustainable Development Goals (SDGs) via insurance as a tool for low-cost coverage, health protection, financial inclusion, climate-risk management and responsible governance. In this context, the present study analyses the development, significance and profile of the Indian insurance industry in terms of insurance penetration, insurance density and leading insurance firms. It also provides an analysis of the relevance of ESG practices and their contribution towards the selected SDGs. The study is descriptive and analytical in nature and secondary data is collected from IRDAI annual reports, Insurance Company annual reports, BRSR, Sustainability reports, Government publications and published research studies. The information collected is suggested to be interpreted on the basis of percentage analysis, trend

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

analysis, comparative analysis and graphical presentation. The study emphasizes the need to make sustainability a part of the insurance business to build financial inclusion and further confidence of stakeholders and sustainable development of the insurance industry in India.

Kaey Words: Indian Insurance Sector, Insurance Penetration, Insurance Density, Environmental, Social and Governance (ESG), and Sustainable Development Goals (SDGs).

Introduction

The insurance industry contributes to the economic and financial growth of a nation in terms of financial protection against uncertainty, long-term savings mobilization, investment promotion and financial stability. The insurance sector has grown significantly after the economic liberalisation and opening of the sector to the private sector in India. Life and General insurance companies help in securing financial security in households, continuity in businesses, health protection and infrastructure development. But, in spite of the industry's development, indicators of the level of insurance penetration and financial inclusion, such as insurance density are also relevant for the assessment of insurance coverage and financial inclusion. In FY 2024–25, India's insurance penetration was 3.7% and its insurance density rose from USD 95 in FY 2023–24 to USD 97 in FY 2024–25, according to Insurance Regulatory and Development Authority of India (IRDAI). The figures emphasize that increasing awareness, access and affordability of insurance among various segments of the Indian population remains crucial (IRDAI, 2025).

In today's business world, insurance companies are now expected to go beyond being a risk bearer and financial services provider and become responsible and sustainable businesses. Environmental, Social and Governance (ESG) principles have become significant factors in corporate decisions, in investments, in risk management and in the accountability of an organisation. Insurers are especially important to ESG, as they are risk underwriters and institutional investors. The environmental aspect covers Climate-risk assessment, Sustainable investment and resource conservation, while social responsibilities relate to policyholder protection, Employee wellbeing, financial inclusion and community development. Governance practices focus on transparency, ethical behaviour, regulatory compliance and effective risk management. Adopting ESG principles can help enhance stakeholder trust and support the long-term sustainability of insurance companies.

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

ESG practices are highly relevant to the United Nations Sustainable Development Goals (SDGs), in particular SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), SDG 13 (Climate Action) and SDG 16 (Peace, Justice and Strong Institutions). The Indian insurance industry can make a contribution towards these goals by offering affordable insurance products, health protection, coverage for the rural and social sector, responsible investing, climate risk management and transparent corporate governance. Given the rising prominence of sustainability in the financial services industry, the present study investigates the sustainability and growth of the Indian insurance industry, and the role of ESG principles and SDGs in promoting sustainable and inclusive growth.

Review of Literature

Khovrak (2020) explored how insurance companies are managing sustainable development through ESG approach. The research explained the possibilities of using ESG elements in the framework of insurance business strategies. It emphasised the importance of integrating sustainability into organisational management and stakeholder relationships. Business Perspectives The determinants of ESG awareness of the 107 listed insurance companies in the United States between 2010 and 2018 were examined by Brogi et al. (2022). This study explores the link between financial characteristics and ESG scores. The results showed that the higher the insurance company's profitability, solventity and/or size, the higher the ESG awareness.

Gatzert and Reichel (2024) applied text-mining to study sustainable investment practices in the insurance sector in the United States and Europe. The research analysed the public reports of the insurance companies during the period 2013-2018. It emphasized the growing importance of investment strategies with a sustainability focus, and the contributions insurers may make by including environmental and social factors in their investment decisions. To conduct the systematic literature review of the insurance industry's ESG practices, Sood and Özen (2024) adopted the PRISMA methodology. The study analysed the advantages and the difficulties of the embedding of ESG considerations in insurance. It emphasized the need for the implementation of ESG in further bolstering sustainability and responsible business practices in the insurance industry.

The impact of ESG scores on property and casualty insurance firms was explored by Bressan (2023). The paper examined the link between insurers' financial and operational features and their ESG performance. It underlined the importance of ESG for the insurance sector management, investment and sustainability. To explore the link between sustainability strategies and financial performance, they analyzed the 2018-2022 financial performance of an

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

international sample consisting of 167 insurance companies for the years 2018-2022, as studied by Sylos Labini et al. (2025). The results showed that there was a relation between financial performance and management practices of companies in some groups related to sustainability, especially management practices related to governance. The study highlighted the need for ESG integration in insurance business strategies. In their paper, Meral et al. (2026) investigated how ESG factors affect the performance of global insurance companies for the sample of 81 life and non-life insurance companies between 2013 and 2022. The results pointed to the possibility of ESG integration to achieve better performance of insurance companies. ScienceDirect

Research gap

The studies reviewed in this report show how the integration of ESG and the emerging trend in sustainable investments and financial outcomes are becoming significant issues in the global insurance industry. But more studies are required to understand the linkage of ESG practices with the nature and growth stages of the insurance industry in India. The linkage between insurance penetration, insurance density, financial inclusion, key insurance market players and ESG adoption and SDGs should be explored in greater detail. The present study aims to fill this gap by examining the development of Indian insurance industry, the need for ESG and its possible role in sustainable development.

Need for the Study

Indian insurance market is a great contributor towards economic development, financial protection of households, savings mobilization and investment. The low level of insurance penetration relative to developed insurance markets, however, provides the opportunity to enhance insurance awareness, availability and financial inclusion. Environmental, Social and Governance (ESG) principles are used to guide the discussion of environmental responsibilities, social commitments, responsible investment, customer protection and organisational accountability. In addition, the United Nations Sustainable Development Goals (SDGs) highlight inclusive economic growth, social well-being and environmental protection, in which the insurance sector can play a role in achieving affordable insurance coverage and health protection, financial inclusion and climate-risk management. In this regard, the present study is conducted to study the importance and growth of the Indian insurance industry and explore the significance of ESG practices and SDGs for sustainable and inclusive development.

Objectives of the Study

The following are the main objectives of the study

1. To examine the growth, importance and structure of the Indian Insurance Sector
2. To analyse the relevance of ESG practices and Sustainable Development Goals

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

Scope of the Study

The present study is limited to Indian insurance sector which includes life insurance and general insurance sector. It looks at the industry's development and its significance in the context of insurance penetration, insurance density, the industry's structure and the role of key public and private sector insurance companies. The study also touches on the significance of Environmental, Social and Governance (ESG) principles including environmental sustainability, climate-risk management, resource conservation, financial inclusion, policyholder protection, employee welfare, ethical practices, regulatory compliance and corporate accountability. It also explores how activities in the insurance industry can help achieve the following Sustainable Development Goal targets: poverty reduction, good health and well-being, gender equality, economic growth, reduced inequalities, climate action and the promotion of strong institutions. Secondary data only sources used in the study are official reports, Annual reports from insurance companies, BRSR and sustainability disclosure reports, government publications and published research studies.

Research Methodology

The present study is a secondary data analysis of published data. The data has been sourced from annual reports of Insurance Regulatory and Development Authority of India (IRDAI), insurance companies, government publications, Business Responsibility and Sustainability Reports (BRSR), ESG and sustainability reports, research articles and publications by international organisations.

Insurance Penetration and Insurance Density

Insurance penetration and insurance density are two of the important factors that are used to understand the development of an insurance market. Insurance penetration is the ratio of insurance premium to gross domestic product (GDP). Insurance Density where international comparisons are made, insurance density is normally defined as insurance premiums per capita, usually in dollars. So, penetration is a measure of the extent to which the insurance market is penetrated in the economy, and density is a measure of the average premium per person. Both cannot explain the insurance coverage distribution, and neither can explain the distribution of the quality of the insurance coverage or the quality of the claim's settlement.

Table 1: Insurance Penetration in India

(Amount in ₹ Crore)

Financial Year	Life Insurance (%)	Non-Life Insurance (%)	Total Penetration (%)
2025 – 26	9,96,493.20	3,41,448.21	13,37,941.10

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

	(12.50)	*(11.00)*	*(12.11)*
2024 – 25	8,85,171.73 *(6.73)*	3,07,611 *(6.19)*	11,19,382.73 *(6.59)*
2023 – 24	8,29,929.46 *(6.06)*	2,89,673 *(11.27)*	11,19,602.46 *(7.36)*
2022 – 23	7,82,504.00 *(12.98)*	2,60,328 *(16.22)*	10,42,832.00 *(12.41)*
2021 - 22	6,92,614.14 *(10.16)*	2,24,002 *(10.84)*	9.16.616.14 *(10.33)*
2020 – 21	6,28,731.04 *(9.74)*	2,02,094 *(5.15)*	8,30,825.14 *(8.59)*
2019 – 20	5,72,910.19 *(12.75)*	1,92,193 *(11.43)*	7,65,103.19 *(12.41)*
2018 – 19	5,08,132.03 *(10.75)*	1,72,483 *(12.41)*	6,80,615.03 *(11.17)*
2017 – 18	4,58,809.44 (9.64)	1,53,438 *(17.16)*	6,12,247.44 *(11.43)*
2016 - 17	4,18,476.62 (-)	1,30,970 (-)	5,499,446.62 (-)

Source: IRDAI Annual Reports & Handbook on Indian Statistics 2016-17 to 2025-26

The values are in per cent of GDP and rounded off from a long-term series reported in IRDAI's annual-report material for 2024–25. The data in Table - 1, the insurance industry in India had seen significant growth from FY 2016–17 to FY 2024–25. The overall premium income grew from the level of approximately ₹5.49 lakh crore during FY 2016-17 to ₹11.93 lakh crore during FY 2024-25, which indicates growth in insurance activities in India. The non-life insurance segment showed significant growth and life insurance continued as the biggest contributor of total premium income. This expansion could relate to higher levels of financial protection, growth of insurance distribution channels, digitalisation and the rising demand for life, health, motor and other general insurance products.

However, the annual growth rates show some differences in the performance of the sector. Premium growth is estimated at 12.41% and 13.77% in FY 2019–20 and FY 2022–23, respectively, which was considered relatively strong. In contrast, growth moderated to

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

approximately 7.36% in FY 2023–24 and 6.59% in FY 2024–25. The life insurance industry grew by 6.73% in FY 2024–25 and the non-life insurance industry grew by 6.19% in the same period. These numbers indicate that in spite of the continued growth of the sector, the growth rate fluctuated during the different financial years. The changes could be due to consumer demand, premium collections, economic conditions, product composition, and market developments. Hence, the data highlight the need to assess the overall growth of the insurance industry and year-on-year variations in the growth rate. The rise in premium income underscores the growing economic importance of the Indian insurance industry and its role in providing financial security, managing risks, mobilising savings, and driving economic growth in the nation. But premium growth does not necessarily reflect the overall performance of the sector or its Environmental, Social and Governance (ESG) attributes. The growth trend serves as a necessary background to the present study in order to analyse how insurance companies incorporate these elements in their processes: Environmental responsibility, social inclusion, ethical governance, transparency and sustainable business.

Importance of the Insurance Sector in India

The insurance industry is playing several important functions from an economic and social view.

- First, it gives you financial security for unforeseen losses. Death, illness, accident, natural disasters, and other events that are covered by insurance can cause households and businesses to incur financial security risks that can be addressed through insurance.
- Secondly, insurers collect premiums and allocate funds for investment in order to pay claims and fulfil contractual commitments. Their investment operations link insurance with the financial sector.
- Third, insurance is used to facilitate business activity as enterprises transfer particular risks and ensure that they are protected in case of loss. Insurance can help to protect the continuity of business, infrastructure development and entrepreneurship.
- Fourth, insurance promotes financial inclusion by offering insurance products to people and communities that can be vulnerable financially. But, this contribution will be effective only if it is affordable, accessible, made public and used to settle claims appropriately.
- Last but not least, there is a crucial connection between insurance and ESG. Claims and investments could be impacted by climate change, access to insurance and customer protection could be impacted by social factors and governance will determine the effectiveness of insurers' risk management and delivery of obligations.

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

Relevance of ESG to the Indian Insurance Sector

ESG is important for Indian insurers as their activities are directly and indirectly linked with environmental, social and governance risks. Environmental factors are climate related claims, energy use, responsible investment and environmental risk assessment. Social factors are: Insurance inclusion, Customer protection, Employee welfare, Fair claims handling, Responsible product design. Board oversight and compliance with regulations, ethical behavior, risk management and transparency are all governance factors. The insurance sector is an appropriate environment for a comparative ESG study, due to these factors. A comparison of selected insurers shows that there are variations in the policies reported, in the ways the policies were implemented, and in the measurable results. It can also help uncover areas where the public disclosures are a poor reflection of ESG performance.The context for defining the companies for this study, identifying relevant indicators and analysing the connection between the ESG practices and organisational performance is the profile of the sector.

Major players in Indian insurance industry.

Indian insurance market comprises of public sector and private sector insurance. Life Insurance Corporation of India (LIC) is the largest public sector life insurer while there are a number of private life insurance companies. Non-life market segments consist of public-sector general insurers, private general insurers, standalone health insurers and specialised insurers. The following may include examples of companies that could be included in the population of the present study.

S.	Category	Illustrative companies
1	Public Sector Life Insurance Company	Life Insurance Corporation of India (LIC)
2	Private Sector Life Insurance Company	SBI Life Insurance, HDFC Life Insurance, ICICI Prudential Life Insurance.
3	Public Sector General Insurance Company	The New India Assurance Company
4	Private Sector (General Insurance)	ICICI Lombard General Insurance, HDFC ERGO General Insurance
5	Standalone Health Insurers	Selected standalone health insurers, subject to disclosure available

Source: The researcher has compiled the structure of Indian insurance market. The final sample is to be based on the insurers' regulatory classification and disclosures available.

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

Relevance of the SDGC to the Indian Insurance Sector

ESG and SDGs have important implications for the insurance industry in India as insurers are a part of the financial system that offers financial protection, risk management and invest into the economy. They have an impact on the resilience of households, businesses and communities, especially in the event of an environmental or economic shock. The Below are some examples of the connections ESG practices in insurance have with the SDGs.

Table – 2: ESG Practices in Indian Insurance with the SDGs.

ESG dimension	Relevant SDG	Potential insurance-sector contribution
Environmental	SDG 7: Affordable and Clean Energy.	Energy efficiency and support for cleaner energy through investment decisions focused on environment
Environmental	SDG 9: Industry, Innovation and Infrastructure	Insurance protection for resilient infrastructure and technology-enabled services
Environmental	SDG 12: Responsible Consumption and Production	This will involve sustainable resource management, such as going paperless, and responsible consumption and production
Environmental	SDG 13: Climate Action	Climate-risk assessment, disaster protection, and climate-resilience.
Social	SDG1: No Poverty	Financial protection against unexpected losses
Social	SDG 3: Good Health and Well-Being	Health insurance and financial protection for health services needs
Social	SDG 5: Gender Equality	Equal employment opportunities and inclusive insurance services
Social	SDG 8: Decent Work and Economic Growth	Welfare of employees, while also supporting economic resilience
Social	SDG 10: Reduced Inequalities	Inclusive insurance products for underserved populations
Governance	SDG 16: Peace, Justice and Strong	Transparency, Accountability, Ethical Conduct and Effective Risk

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

	Institutions	Management.
Governance	SDG 17: Partnerships for the Goals	Cooperation with public and private organizations to increase insurance coverage

Source: Compiled by the researcher based on the United Nations (2015) and the conceptual relationship between ESG practices and the insurance sector.

Study Implications:

The study has a significant ramification for insurance companies, the regulatory bodies, the policymakers and the society. It highlights the need to incorporate ESG concepts into corporate strategies, investment portfolios, risk management and corporate governance for the insurance sector. Organisational accountability and stakeholder confidence can be enhanced by elevating the level of attention to environmental sustainability, customer protection, employee welfare, financial inclusion and transparency. The study also underscores the need for regulatory authorities to promote and encourage uniform ESG reporting, enhance disclosure requirements and promote sustainable insurance practices among life and general insurance companies, specifically the Insurance Regulatory and Development Authority of India (IRDAI). Policy-wise, there is a need to boost insurance penetration and density across various regions, including rural areas, based on the availability of affordable insurance products, as well as the awareness of insurance products, which can be helpful in improving financial inclusion and economic security.

The study also highlights the potential contribution of the insurance sector towards the Sustainable Development Goals, particularly poverty reduction, health and well-being, gender equality, decent work, reduced inequalities, climate action and effective institutions. Overall, the study contributes to the growing debate on the need to link the development of the insurance sector with environmental responsibility, social development and good governance in a secondary data-based perspective.

Conclusion

The insurance industry plays a vital role in economic development, financial protection, savings mobilisation and investment in the Indian Financial System. Studying insurance penetration, insurance density and the insurance involvement of other major insurance companies helps to gain insight into insurance industry development and evolution needs. Good accessibility, affordability and awareness of insurance services are still key to broaden financial protection to the less well-insured parts of the population, despite the continued development of insurance services. Meanwhile, the rising importance of environmental sustainability, social responsibility and corporate governance has propelled the relevance of ESG integration to the

insurance industry. Responsible investment, climate-risk management, protecting policyholders, providing for their employees, and facilitating financial inclusion and transparent governance practices are all methods of promoting sustainable development by insurance companies. They can also contribute to the delivery of the related SDGs of the United Nations Sustainable Development Agenda. The study suggests that the growth of the Indian insurance industry should be judged not only by the growth of business and premiums but also on the part it plays in contributing to the environment, welfare of the society and responsible corporate practice. Incorporating ESG principles into SDG goals can be a key factor in developing a more inclusive, resilient and sustainable insurance industry in India.

References:

- **B**rogi, M., Cappiello, A., Lagasio, V., & Santoboni, F. (2022). Determinants of insurance companies' environmental, social, and governance awareness. *Corporate Social Responsibility and Environmental Management, 29*(5), 1417–1436. https://doi.org/10.1002/csr.2274
- Bressan, S. (2023). Effects from ESG scores on P&C insurance companies. *Sustainability, 15*(16), 12644. https://doi.org/10.3390/su151612644
- Gatzert, N., & Reichel, P. (2024). Sustainable investing in the US and European insurance industry: A text mining analysis. *The Geneva Papers on Risk and Insurance – Issues and Practice, 49*, 26–62. https://doi.org/10.1057/s41288-022-00270-w
- Khovrak, I. (2020). ESG-driven approach to managing insurance companies' sustainable development. *Insurance Markets and Companies, 11*(1), 42–52. https://doi.org/10.21511/ins.11(1).2020.05
- Meral, H., Ersoy, B., & Dogan, M. (2026). Enhancing sustainability: The impact of ESG factors in global insurance performance. *Borsa Istanbul Review, 26*(1), Article 100757. https://doi.org/10.1016/j.bir.2025.10.030
- Sood, K., & Özen, E. (2024). A systematic review of ESG in the insurance industry: Navigating the path to sustainability. *International Journal of Sustainable Development and Planning, 19*(3), 807–821. https://doi.org/10.18280/ijsdp.190301
- Sylos Labini, S., Di Biase, P., & D'Apolito, E. (2025). Sustainability strategy and financial performance in the insurance company. *International Review of Economics & Finance, 98*, Article 103924. https://doi.org/10.1016/j.iref.2025.103924

United International Journal of Multidisciplinary Research (UIJMR)
An International Peer-Reviewed and Refereed Multidisciplinary Journal
ISSN: 3048-6726 www.uijmr.in Impact Factor: 6.934 (SJIF) Vol-3,Issue-1 ;Jan,Feb & Mar),2026

- Insurance Regulatory and Development Authority of India. (2025). *Annual report 2024–25*. https://irdai.gov.in/annual-reports
- United Nations. (2015). *Transforming our world: The 2030 agenda for sustainable development*. https://sdgs.un.org/2030agenda