Impact of Corporate Governance Practices in Life Insurance Sector of Pakistan

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ABSTRACT

Purpose

This research aims to identify how corporate governance techniques influence the development levels in Pakistan's life insurance sector. A key focus of the study is the interplay between the development and expansion of the life insurance business and the principles of corporate governance.

Methodology

This is a quantitative study. Data was gathered from Pakistani insurance firms using a cross-sectional survey with a sample size of 400 respondents. Structural Equation Modeling (SEM) was the primary technique for data analysis. The results suggest that customers, investors, and other stakeholders can develop trust and awareness through effective corporate governance processes.

Findings

An assessment of the overall fit of the statistical model indicates a good fit, as all metrics fall within acceptable ranges. The regression analysis shows that all independent variables (V1, V2, V3, V4) have a statistically significant relationship with the dependent variable (Banca). The standardized regression weights (SRW) suggest that each variable positively influences the Banca, meaning that as these variables increase, so does the Banca.

Conclusion

The study concludes that strong corporate governance procedures in insurance companies increase the likelihood of conducting business transparently and ethically, which fosters customer trust and awareness. Additionally, such businesses may improve customer access to insurance products through enhanced risk management and financial stability.

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1. Introduction

Corporate governance is a crucial component of contemporary companies because it guarantees that resources are managed effectively and efficiently, that decision-making processes are transparent and accountable, and that legal requirements are met (Abebe, 2022). Effective implementation of corporate governance policies is essential for the success of firms and the overall economy. In using corporate governance principles, especially in the banking industry, Pakistan experienced an increase as a developing nation (Bashir et al., 2018). This study is designed to examine how Pakistan's corporate governance regulations affect the life insurance market. Through this research, it can be concise that corporate governance includes all namely rules, regulations, and practices meant for a company to run successfully. It also aims to make decisions free from any form of corruption through transparency, accountability and legitimacy according to the legal provisions. In their study, Koji (2020) claimed that several measures were taken by some nations towards enhancing proper governance within firms in order for them to become global norms.

According to Bashir et al. (2018), there have been significant improvements in the banking and insurance sectors in Pakistan on corporate governance standards. The above Corporate Governance Code for companies listed on a stock exchange, has introduced several new measures aimed at encouraging better corporate governance practices including encouraging greater diversity in corporate boards by the Securities and Exchange Commission of Pakistan (SECP) for example, incorporating recommended practices in their governing frameworks (Bashir et al., 2018). At present, Pakistan is only approaching the starting point of a life insurance market due to its low penetration and insurance density levels. Despite government promotion of the sector, efforts made by the government in order to increase public awareness have failed because of lack of confidence among populace about life insurance policy terms and conditions as well as an inability to afford or reach specific products (Ishtiaq & Siddiqui, 2019).

The growth shown in the insurance industry of Pakistan is influenced by good corporate governance practices. According to Arif (2019), when effective corporate governance standards are implemented, this leads to increased accountability and transparency with regards to decision making thereby increasing trust among investors and attracting foreign capital to the sector. Developing a similar concept, in their study, Rahman et al. (2020) discovered a strong connection between the financial performance of Pakistan's insurance companies and their adherence to good corporate governance practices.

Pakistan's life market for insurance is still growing for it has not yet had time to mature to a level of high penetration and high insurance density (Rahman & Khan, 2022). There are still some challenges that industry has to face even though the government is making effort to make it advance such as low awareness by the public, mistrust and lack of financial services access (Rahman & Khan, 2022) (Ishtiaq, & Siddiqui, 2019). The sector's growth is being hampered by the absence of good corporate governance levels in the insurance industry. Inadequate checks and balances, openness, and accountability in resource management are key weaknesses that undermine confidence in insurance companies and, thus, their growth potential.

This study investigates the correlation between corporate structure and market access in the Pakistani life insurance sector, concentrating primarily on the direction of causation that links growth of life assurance firms with company management concepts such as accountability/responsibility, transparency and disclosure of information. Efficient and effective management of resources, promoting transparency and accountability, and enhancing public trust in financial institutions would benefit greatly through corporate governance practices. This has been a major hindrance to growth in the life insurance industry in Pakistan. This research task involves the examination of how management practices of companies are affecting the scope of business within the insurance sector of Pakistan. There will be a significant impact on the Pakistani government, insurance providers and the general public as a result of this study. It will shed light on how corporate governance practices are currently applied in insurance industry, point out some weaknesses and propose means of enhancing transparency, accountability as well as disclosure. A further study would emphasize the basis and increase the knowledge on corporate governance practices in developing economies in subsequent studies.

The research will address the following problems: First, what is the corporate governance importance for Pakistan’s life insurance penetration. Second, how does the level of trust in Pakistan affect how much life insurance people buy there. Third, how does low life insurance awareness influence the penetrations in Pakistan. Lastly, what does the effect of reduced life insurance product availability on life insurance coverage?

2. Literature Review

2.1. Corporate Governance in Pakistan

Oluwasesan and Epetimehin (2020) define corporate governance as the framework that governs how organizations are managed and controlled. According to CastriNon (2021), its conclusion means conflict resolution in companies between its shareholders and managers which occurs repeatedly. It ensures accountability and transparency in the operations of a company to fulfill obligations to stakeholders, including customers, employees, shareholders, and the community it operates in. According to Nitu and Kuldip (2018), governance by business entities involves managing the management practices, legal frameworks, financial structures but corporations also discuss all others.

The significance of corporate governance principles for the expansion and advancement of Pakistan's life insurance industry is highlighted in the literature review. The implementation of proper corporate governance standards leads to increased openness, accountability, and investor trust, attracting external investors to the industry. The evaluation stresses the challenges faced by the Pakistan life insurance players like low public awareness, absence of confidence as well as limitations on insurance products accessibility. This research will explore how the life insurance market penetration level is influenced by corporate governance norms in Pakistan (Bénabou &Tirole, 2010; Bédard & Gendron, 2010; Yassin et al., 2012). The world over it is agreed that the internal control systems are an integral part for raising the corporate governance standards among firms which are operation. It is a crucial step in the management process that aims at ensuring that the company achieves its goals, which include protection of assets, reliability of financial statements, compliance with laws, regulations on operations and enhanced operational effectiveness (COSO, 2013; IFAC, 2014). A higher demand for insurance products and services in the insurance sector has seen it take off over the past few years. Nonetheless, there is an absence of strong governance processes being witnessed in it. Many countries across the world as well as industries have conducted various researches concerning the linkage between ICS and corporate governance

(Bédard & Gendron, 2010; Yassin et al., 2012; Ahmeti et al., 2014; Abebe & Abera, 2019).

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2.2. Corporate Governance and Life Insurance Penetration

Akhtaruddin et al. (2009) conclude that to make successful inroads into developing nations it is important for the life insurance firms that they possess high quality corporate governance practices. Their study indicates thatoptimal corporate governance mechanisms could help in building a robust reputation for trustworthiness and distinction that enhances perceived goodwill among would-be customers, financiers as well as other parties with interest. As a result, this might increase customer confidence in life insurance business while resulting in increased them and for related services and goods. Also, sound business administration could make sure that companies which provide life insurance operate in an environmentally sustainable manner thus enhancing their image as well as attracting more clients (Khan et al., 2013). Strong corporate governance procedures will also simplify getting capital markets and finance access, which in turn will support the development as well as expansion of life insurance companies (Arsov, 2017). For life insurance companies to increase the purchasing of life insurance and increase their revenues, these are very important factors they must consider when developing policies and practices (Arsov, 2017).

There are no universally established rules for corporate governance practices (CGP) as they depend on political, economic, legal, and cultural influences. But when it comes to the day-to-day activities of any enterprise, CGP are synonymous with worldwide benchmarking in terms of ethics and values. It is a collection of guidelines or standards pertaining to business internal management (Ngatnoet al., 2021). The goal of implementing CGP is to solve flaws in ownership models, stakeholder rights, and business management within the corporate legal framework (Moreno-Gómez, 2017).

The uptake of life insurance is also impacted by insurance companies' marketing strategies that align with CG. This is due to the fact that the insurance industry's marketing strategy aims to raise consumer knowledge of insurance products, including life insurance, which in turn promotes a rise in life insurance penetration. According to Prymostka (2018), in the digital age, marketing strategy has improved the penetration of the insurance industry, especially for life insurance packages. Implementing a successful marketing approach will aid in attracting new clients and also retaining existing ones for life insurance penetration.

Hence, the hypothesis is formulated as:

H_1: Corporate governance practices significantly synchronize the relationship with life insurance penetration.

2.3. Lack of Trust and Life Insurance Penetration

In Pakistan, the life insurance sector has been facing development problems due to the lack of trust. According to a survey conducted by Rahman et al. (2018), most of the Pakistanis, do not trust the insurance business because of issues including subpar customer service, a lack of transparency, and a lack of knowledge about insurance products. Insufficient confidence in patronage of life insurance results in the life insurance sector’s contributing only a nominal figure towards Gross Domestic Product—in percentage terms less than 1%. Due to this, low-income families especially rarely use life insurance policies. According to the State Bank of Pakistan (2021), only about 9% of people in Pakistan possess insurance of any nature. The majority of these covers are situated in major cities and obtained by people in the middle- or higher-income brackets. This is a critical aspect in ensuring that life insurance policies get more people in Pakistan. Enhancing customer service, boosting industry transparency, and promoting the benefits of life insurance and government programs combined with public-private partnerships would also substantially bolster the confidence insurance market, as discussed by (Rahman et al., 2018).

The main factor affecting the number of people that have insurance according to a 2019 KPMG survey is money. It has the 14.2% most saturated insurance sector in the world according to findings. Several possible reasons could account for this including stiff competition in the industry or large number of affluent people or confidence within financial institutions (Kajwang, 2020). In Nigeria, Omar (2007) researched on how clients perceive life insurance and it was found that insurance firms are generally mistrusted and not trusted over their competence or confidence on clients claims. One major reason why people believe like this includes not knowing about what life assurance entails. He suggests that all promotional communications be updated in order to communicate more effectively, build understanding of the benefits associated with life insurance, and further encourage this consumer decision. It is important to ask some fundamental marketing questions for insurance experts to improve market growth.

Hence, the hypothesis is formulated as:

H_2: Trust in corporate governance practices significantly moderates the relationship between life insurance penetration and market access

2.4. Lack of Awareness and Life Insurance Penetration

There is a lack of knowledge about life insurance which hinders its penetration in Pakistan. Shahid et al. (2017) conducted research and found out that very many Pakistanis especially those in rural Pakistani fail to understand the meaning of life insurance. Based on the report, inaccuracy of information exists among people concerning life insurance policies because of low levels of education on financial matters. To boost the life insurance penetration in Pakistan it is important that public awareness regarding life insurance value and benefits is raised. This can simply be reached through various forms such as education campaigns targeting rural areas which are largely uninformed about it. According to Shahid et al. (2017), digital platforms have been noted as major contributors to higher visibility on life assurance policies and accessibility levels in Pakistan.

Many singles and others without dependents feel as if they can go on without life insurance, but this isn’t the case for reasons that are many, according to the Life Insurance Association of Malaysia (LIAM). A higher tendency for lifestyle spending is observed among individuals aged below thirty years. For this reason, they do not consider insurance to be essential (Ramli et al., 2023). Other things non understand among cause the slow insurance penetration rate, especially in rural areas, are illiteracy about life assurance and what people can get from it (Ramli et al., 2023).

According to Clifford et al. (2010), about 72% of the participants knew about insurance companies’ intentions as well as projects. Additionally, he discovered that as people mature and educates them more, so does their awareness of the policies. Furthermore, he noted that the goal of purchasing policies for tax hikes increases as overall income rises. As a result, the study's conclusion said that 73% of respondents had purchased insurance policies in order to reduce risk, followed by savings and tax purposes. Okan Veli Safakli (2007) observed that public knowledge and information were not taken into consideration in designing the deposit insurance system. This was one of the conclusions reached by him. Therefore, one of the most crucial elements of a recently established deposit insurance scheme is public knowledge.

Despite being a risk covering financial tool for costs, there is still a lack of public awareness about insurance. One way to safeguard one's earnings from the detrimental effects of inflation is to buy insurance products which are linked to investment units (El Monayery, 2013). The majority of individuals are aware of life and health insurance, but even among policyholders, their understanding of numerous insurance-related topics is limited and inaccurate. Some examples of these are: an insurance policy which has expired; redeeming an insurance policy or the details concerning representatives who provide reliable complete cover. An essential component of financial education and raising awareness is an insurance system that guarantees people's safety from financial hazards (Antony et al., 2023).

Hence, the hypothesis is formulated as:

H_3: Lack of Awareness about products significantly moderates the relationship between life insurance penetration and corporate governance practices

2.5. Limited Access to Insurance Products and Life Insurance Penetration

An estimated 70% of Indians reside in rural areas where access to insurance is either nonexistent or very limited. Owing to the great distance between locations and the high expense of distribution, insurers have been reluctant to enter this market. Rural and microinsurance has enormous potential as infrastructure improves and rural incomes rise. In addition to providing opportunities, this industry presents the insurers with a number of operational difficulties (Rao, 2014). One should view rural and social sector insurance not as some legal demand or regulation, but rather as a business opportunity. This industry can make a significant contribution to both the top and bottom lines when given the right safeguards. It is extremely possible to do well and good at the same time (Gopinath, 2009). It was unclear if the individuals had completed high school or college education. Nonetheless, the study discovered that education improves a person's likelihood of finding insurance information and helps them comprehend insurance policies (Kamau, 2013). Customers can now purchase the whole spectrum of insurance products online, including life, health, auto, and travel insurance. Indeed, a number of insurance companies currently give exclusive online futures that are not available through their agents or locations (Chauhan & Singh, 2023).

The insurance market in Africa is not as advanced as it is in other parts of the world. Few people have access to insurance services; these people are primarily from upper middle-class backgrounds. As per Swiss Re, Africa had total written premiums of USD 68.15B in 2019.Therefore, Africa barely contributes 1.08% of the world's insurance premiums (Bah & Abila, 2024). Many things could be to reason, such as low salaries, ignorance, and difficult access to the far-off private insurance businesses (Chakrabarti & Shankar, 2015).

Hence, the hypothesis is formulated as:

H_4: Limited access to insurance products significantly moderates the relationship between life insurance penetration and corporate governance practices

2.6. Critical Review of Literature

Table.1. Critical Review of Literature

Citation	Critical Analysis	Key Findings	Implications
Abebe, 2022	Recognizes the importance of corporate governance in guaranteeing transparent and efficient resource management.	Demonstrates the fundamental significance of corporate governance in modern businesses.	Acknowledgment of the worldwide tendency and requirement for robust corporate governance procedures.
Bashir et al., 2018	Emphasizes how corporate governance ideas are becoming more popular in Pakistan, especially in the financial sector.	Shows that Pakistan has made notable progress in putting corporate governance standards into practice.	Stressing the importance of regulatory organizations like the SECP in advancing superior corporate governance.
Arif, 2019	Shows how responsible corporate governance has a favorable effect on transparency, accountability, and foreign investment in the insurance sector.	This refers to affirming the link existing between the insurance industry growth and corporate governance principles.	Reiterating how crucial corporate governance is to luring in foreign capital and guaranteeing accountability.
Rahman et al., 2020	Demonstrates the positive effects of high corporate governance norms on Pakistani insurance companies' financial performance.	Draws attention to the financial benefits of strong company governance.	Support for the idea that corporate governance and financial outcomes are positively correlated in the insurance industry.
Bénabou & Tirole, 2010; Bédard & Gendron, 2010	Highlights how important company governance is for attracting outside capital and encouraging responsibility.	Reaffirms the notion that improved accountability and investment are attracted by effective corporate governance.	Combining knowledge from accounting and economics to comprehend how governance affects investment.
Ahmeti et al., 2022; Yassin et al., 2012	This paper is about how corporate governance and internal control systems interact with one another, pointing out the significance of ICS for meeting corporate company goals	Identifies ICS as an essential part of the management process that guarantees the success of the firm.	Utilizing a comprehensive strategy that incorporates internal monitoring systems into the larger corporate governance framework.
Akhtaruddin et al., 2009	Highlights how strong, reliable corporate image development, consumer trust, and rising demand for insurance-related products and services are all facilitated by efficient corporate governance.	Draws attention to how corporate governance affects demand for insurance products and consumer trust.	Understanding how governance affects consumer behavior in the insurance industry by taking social and behavioral factors into account.

Citation	Critical Analysis	Key Findings	Implications
Rahman et al., 2018	The insurance sector is known for lacking confidence because of insufficient information, a lack of transparency, and customer care deficits.	Identifies the challenges caused by mistrust, which restricts the insurance sector's market share in Pakistan.	Acknowledging trust as a crucial element impacting insurance uptake and tackling it via enhanced industry procedures.
Shahid et al., 2017	Draws attention to Pakistan's lack of understanding of the benefits and worth of life insurance, especially in rural regions.	Highlights how a lack of understanding is impeding the country's adoption of life insurance.	Supporters of digital tools and educational programs aimed at increasing public knowledge and accessibility to life insurance.

Source: Author's own elaboration

2.7. Conceptual Framework

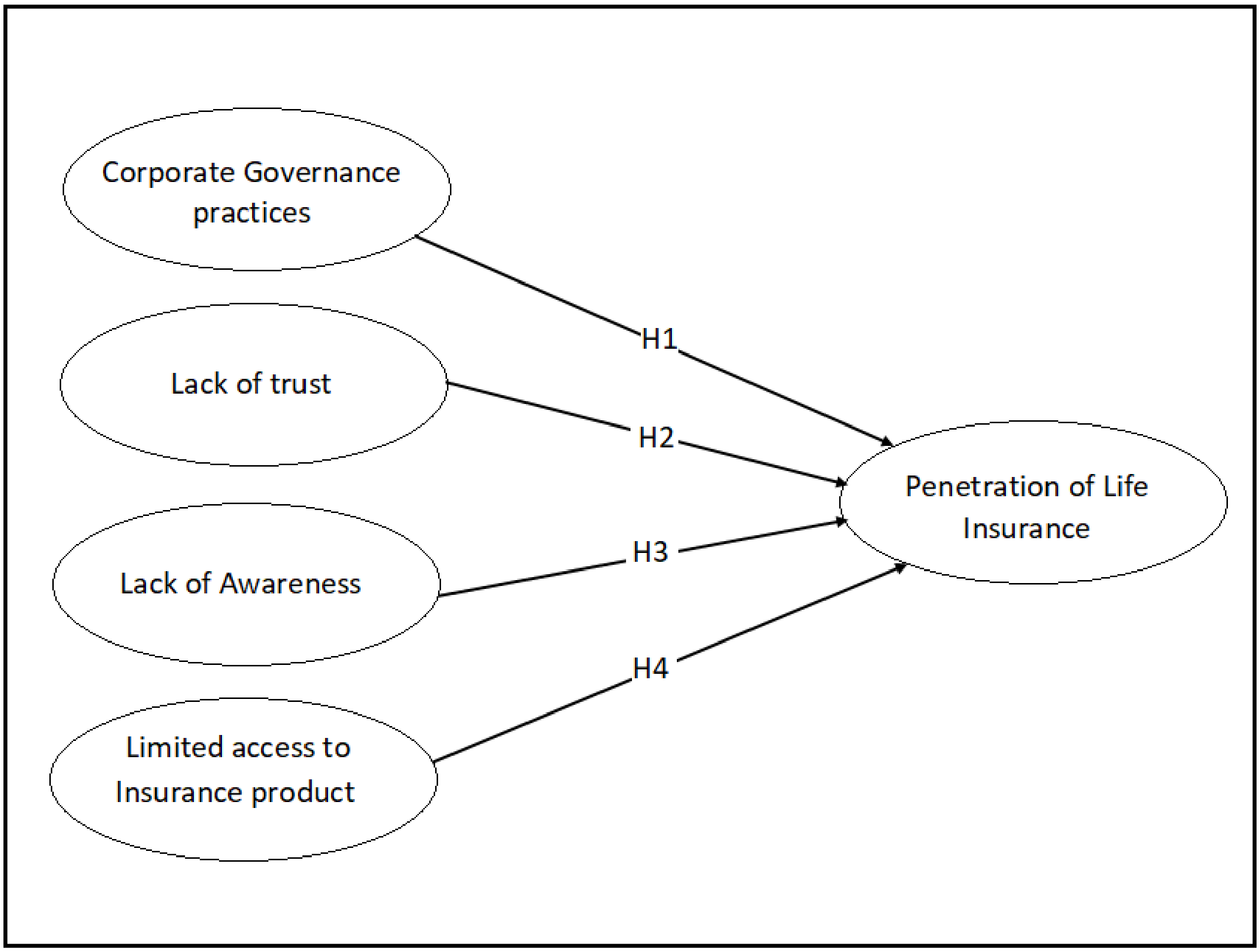

Figure.1.Conceptual Framework
Source: Author's own elaboration

Independent variables: Corporate governance practices, Lack of Trust, Lack of Awareness, Limited access to insurance products
Dependent variable: Penetration of Life Insurance

3. Methodology

A scientific quantitative method was used to find out how executive guidelines affected the intake of life insurance facilities in Pakistan. Data was gathered from insurance firms doing business in Pakistan for the research, which was carried out using a cross-sectional survey approach. A thorough explanation of the research design, sample plan, data collecting process, and data analysis techniques can be found in the following sections. The structural equation model was used in assessing if the model's significance was examined.

3.1. Research Design

It was a survey research design using a cross-sectional design which involves gathering data at one point in time; this is so as to be able to get data from different insurance companies in Pakistan. When someone decides to look at the significance of company management styles in life insurance business expansion in this nation, these steps are useful because they allow data collection among many national insurance organizations.

A cross-sectional study is one that does not mainly focus on a specific time period. The patients can be studied and understood in terms of prevalence and descriptive aspect of certain variables or behaviors within the population without necessarily following them up for a long period of time.

3.2. Sampling

The sampling technique that had been utilized is convenience sampling, since it is a non-probability sampling in which the research participants were chosen depending on the possibility and the interest of their willingness to participate. It is also the save of time and money. The sample size was 400 as per the number of insurance organizations that agreed to participate in this research and this market segment was the insurance providers in Pakistan. This sample size has been calculated according to the research population approximately one million life insurance customers.

3.3. Data Collection

A structured online survey was used as the data collection technique, which was sent to specific insurance companies. The instrument is based on Likert scale. The study was divided into two parts: the first part gathered data on the corporate governance methodologies used by insurance companies and the second part gathered data on the penetration of life insurance market in Pakistan. The survey questions were designed based on the research objectives and literature review.

3.4. Ethical Considerations

The research will conform to ethical principles regarding informed consent, confidentiality and anonymity. The study’s purposes will be disclosed to the subjects while insisting on their right to opt out whenever they want. No identifying information will be included in the study report, and the participant data will be treated in strict confidence.

4. Results and Discussions

4.1. Descriptive Statistics

Table.1.Descriptive Statistics

Construct	CGP	LOT	LOA	LAIP	PLI
Mean	3.72	3.81	3.69	3.74	3.85
Maximum	5.00	5.00	5.00	5.00	5.00
Minimum	1.23	1.01	1.55	1.52	1.02
Std Deviation	0.79	0.81	0.77	0.74	0.75
Variance	0.53	0.65	0.57	0.59	0.55
Skewness	-0.47	-0.94	-0.43	-0.23	-0.81
Kurtosis	-0.03	-0.91	-0.26	-0.27	0.75

Source: Author's own elaboration

In Table 1, There is the least skewness in the limited access to insurance product (Mean= 3.74, SD= 0.74) and the highest in Lack of Trust (Mean = 3.81, SD=0.81) with a skewness value of -0.94. All three of these items exhibit positive kurtosis while others display negative kurtosis, the highest kurtosis being for lack of trust (Mean = 3.81, SD=0.81) has been measured at 0.91 and the lowest kurtosis -0.03 of which belongs to corporate governance practices whose Mean is (3.72) (SD = 0.79).

4.2. Reliability of the Constructs

Table.2.Reliability of the Constructs

Constructs	Cronbach's Alpha	Cronbach's Alpha on standardized item	No of items	Mean	S.D
CGP	0.69	0.69	4	3.72	0.79
Lack of Trust	0.75	0.75	4	3.81	0.81
Lack of Aware	0.68	0.68	4	3.69	0.77
LAIP	0.65	0.65	4	3.74	0.74
PLI	0.73	0.73	4	3.85	0.75

Source: Author's own elaboration

The highest reliability shown in the table above is distrust (α= 0.75, Mean= 3.81, SD= 0.81) and the lowest reliability is limited access to insurance products (α= 0.65, Mean= 3.74, SD= 0.74). However, all the other constructs have their α different from 0.6. for all other constructs in reliability of less than 0.5 may indicate the presence of reliability or internal consistency problems.

4.3. Discriminant Validity

A test of discriminate validity must be employed to ascertain each variable's distinctiveness and uniqueness. For any pair, the square root of variance explained must be greater than the square root. As indicated in Table 3, the data satisfy the condition for the discriminate validity test.

Table.3.Discriminant Validity

	CGP	Lack of Trust	Lack of Aware	LAIP	PLI
CGP	0.73				
Lack of Trust	0.03	0.76			
Lack of Aware	0.07	0.08	0.65		
LAIP	0.07	0.03	0.06	0.65	
PLI	0.03	0.82	0.29	0.03	0.73

Source: Author's own elaboration

When it comes to validating discriminant properties, it is vital to deal with the issue of whether those concepts or constructs that are supposed to be unrelated are not. This is usually done by employing the Fornell-Larcker criterion, which compares the square root of a particular construct's average variance extracted AVE with the correlation of this construct to other constructs.

4.4. Correlation

A correlation technique is used. A correlation check is mandatory for regression analysis. To verify the correlation among variables in terms of significance according to Hardoon (2003) range is between 0.20 and 0.90 – an item will be dropped where r is less than .20 and in case r > .90 it will be dropped or combined. These summarized findings are given in Table 4.

Table.4.Summarized Correlation Results

	CGP	Lack of Trust	Lack of Aware	LAIP	PLI
CGP	1				
Lack of Trust	0.17	1			
Lack of Aware	0.26	0.35	1		
LAIP	0.25	0.15	0.27	1	
PLI	0.19	0.89	0.56	0.17	1

Source: Author's own elaboration

4.5. Individual CFAs

Table.5.Individual CFAs(Confirmatory Factor Analysis)

	χ^2	χ^2/df	HOELTER	RMR	CFI	GFI	AGFI	RMSEA	PCLOSE
CGP	3.271	1.673	753 (.05)	0.021	0.892	0.987	0.977	0.037	0.485
LOT	13.42	6.583	189	0.044	0.941	0.973	0.989	0.117	0.023
LOA	4.697	2.455	521	0.025	0.977	0.991	0.987	0.055	0.335
LAIP	23.25	11.19	115	0.051	0.929	0.981	0.892	0.159	0.003
PLI	5.682	2.934	429	0.034	0.917	0.989	0.929	0.069	0.254
Criteria	Low	< 5.0	> 200 (.05)	< 0.05	> 0.95	> 0.9	> 0.50	< 0.05	> 0.50

Source: Author's own elaboration

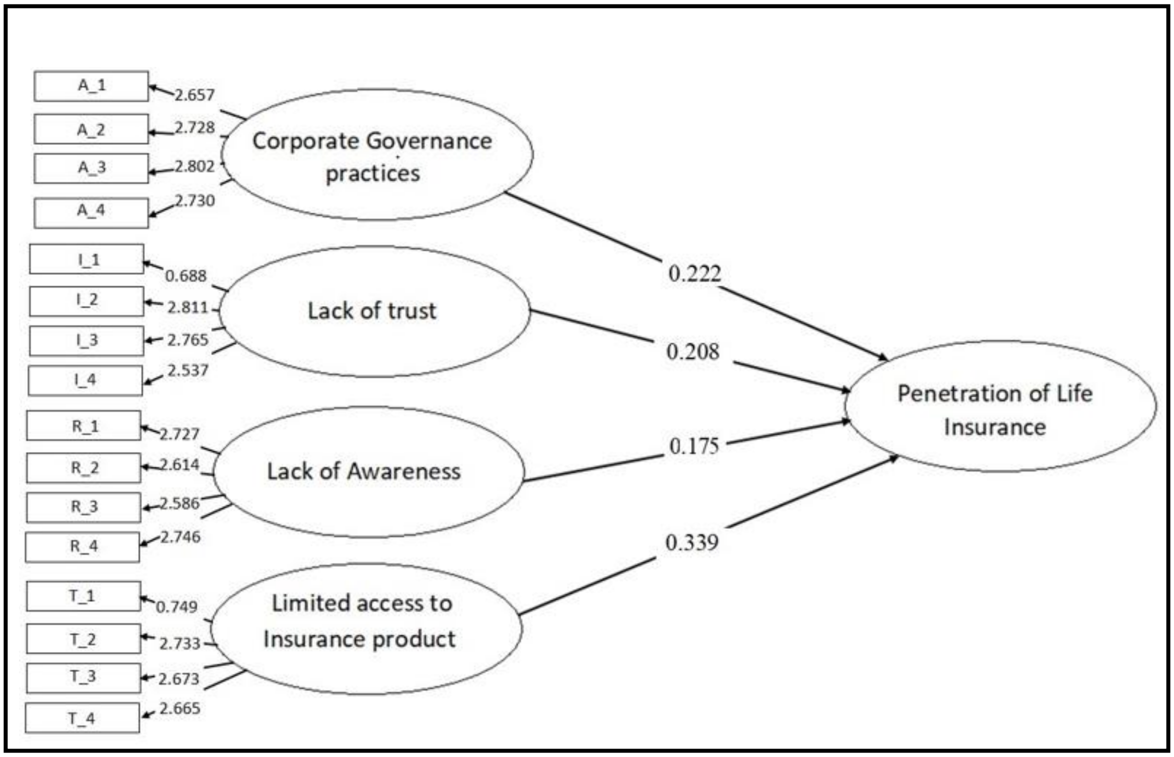

Figure.2.StructureEquation Model (SEM)
Source: Author's own elaboration

4.6. Overall Model Fit

Table.6.Table Overall Model Fit

	χ^2	χ^2/df	HOELTER	RMR	CFI	GFI	AGFI	RMSEA	PCLOSE
Overall	68.43	1.555	371 (.05)	0.046	0.960	0.978	0.948	0.036	0.914
Criteria	Low	< 5.0	> 200 (.05)	< 0.05	> 0.95	> 0.9	> 0.50	< 0.05	>0.50

Source: Author's own elaboration

Table 4.6 provides an assessment of the overall fit of the statistical model. Based on the provided values, the model seems to have a good fit as all metrics are within acceptable ranges.

4.7. Regression

Table.7.Regression

Ind-Var	Relationship	Dep-V	SRW	SE	CR	P(<0.05)	Accept/Reject
V_1	⟶	Banca	0.222	.071	3.786	.00	Accept
V_2	⟶	Banca	0.208	.085	4.644	.01	Accept
V_3	⟶	Banca	0.175	.072	3.787	.00	Accept
V_4	⟶	Banca	0.339	.088	4.647	.01	Accept

Source: Author's own elaboration

Denote of variables.

V_1 (CGP), V_2 (LOT), V_3 (LOA, V_4 (LAIP). Banca (PLI)

Table 4.7 presents the results of the regression analysis, which examines the relationship between the independent variables and the dependent variable. The key columns to interpret are:

Based on the table, all independent variables (V1, V2, V3, V4) have a statistically significant relationship with the dependent variable (Banca) and are accepted. The SRW values indicate that all variables have a positive relationship with the Banca, meaning that as these variables increase, the Banca also tends to increase.

4.8. Discussion

A crucial component of contemporary companies is corporate governance, which guarantees effective resource management, open decision-making, and compliance with legal obligations. For businesses to succeed and for the general economy to do well, corporate governance policies must be put into practice. Pakistan's Securities and Exchange Commission (SECP) has acted, to signal that there has been significant progress on the adoption of corporate governance standards in the country, especially in its banking sector. The life insurance market in the country still has problems- mainly in low density and penetration and thus the need to analyze corporate governance in this business line has been emphasized.

Corporate governance in Pakistan has taken big strides, more so in the banking and insurance sectors. To help other public companies to implement the best corporate governance practices, The SECP has rolled out various initiatives among them corporate governance code. But even so, the life insurance sector in Pakistan is still young with a lot of infancy problems such as poor public awareness, lack of trust and lack of access to insurance products. Realizing its criticality in facilitating industrial growth and development, it means we should make sure good corporate governance practices are followed strictly. Pakistan's life insurance sector has some challenges preventing its growth which includes poor public understanding, distrust and inadequate insurance coverage. In addition to the strides made by the government to promote the sector, these problems have persisted. Yet another issue resulting in the same is poor corporate governance structures in insurance sector. For example, public confidence in this case being undermined due to ineffective means of controlling resources as well as lack of transparency which hinders progress and growth within the sector.

This research's main goal is to evaluate how corporate governance quality influences the extent to which life insurance businesses enter the market in Pakistan. The research is generally aimed at investigating impacts, if any, which accountability, transparency and disclosure have had on increasing or making life insurance sector develop as infrastructure principles. The recognized worries in the sector such as poor knowledge, trust issues or restricted insurance products availability, serve as a ground for exploring corporate governance role in handling and alleviating them. The study is important because it may influence Pakistan government, insurance companies, and the general public. Expectations are that findings would clear the current use of corporate governance practices in the insurance sector, show room for development as well as provide strategies to enhance responsibility, transparency and openness. Moreover, laying the groundwork for additional research in this area, the study provides important measures for understanding methods on how companies should be run especially in underdeveloped countries.

This study uses miscellaneous disciplines to explore significant conditions concerning the relation between corporate governance and life assurance in Pakistan. Trust, skepticism with respect to corporate governance, ignorance, and inaccessibility of insurance products have been some of the areas of focus when carrying out research on these matters. Presently, the pursuits cover but are not limited to understanding dynamics behind growth and development within the life assurance sector. Currently, this paper seeks to study some vital issues concerning the relationship between corporate governance and life insurance in Pakistan by using different topic areas in order to put everything in perspective.

A highlight of this investigation is its theoretical foundation, which has underpinned the adoption of strict corporate governance norms. The study broadens existing knowledge by focusing on those distinct features in the life insurance sector of Pakistan that help in understanding the relationship between stock exchange activity and risk management effects. In a practical sense, recommendations made by the study can help policy makers and those within the sector who wish to enhance corporate governance in life insurance industry such as promoting sector's growth as well as enhancing trust from the public.

5. Conclusion

The life insurance market penetration in Pakistan is majorly affected by corporate governance norms. This will help to increase public confidence, and awareness as well as promote access to insurance products hence attracting more capital through transparency, ethical behavior and fiscal strength. Lack of trust among customers with reliability 0.75 creates more impact on corporate governance practices which directly affect life insurance penetration. It also addressed the second research question.

From the results, it appears that customers, investors, and other stakeholders can develop trust through efficient corporate governance systems from the use of the structural equation. Altogether, this is a significant model that indicates that the independent variables are linked to dependent ones, as opposed to being unrelated. The findings imply that insurance companies having strong corporate governance systems may operate transparently and ethically thereby creating customer awareness and trust as per structural equation model results in RMR (lack of trust LOT) 0.044 and (lack of awareness LOA) 0.025, addressed research question 3 and 2 and indirectly addressed first research question. These businesses might also have improved customers' access to insurance products through better risk management procedures and financial stability. via digital platforms; increased access to life insurance plans may be achieved and awareness raised within Pakistan, addressed the fourth research question.

5.1. Policy Implications

The life insurance sector requires a focus on improving business governance systems therefore making it crucial for decision makers to make it a priority. The first step is to review the current legislation framework while ensuring that strict adherence to governance principles is ensured by establishing necessary policies. The policy approaches, to be able to deal with the problem of reducing trust among the public should focus on making sure insurance money is managed properly and in a most accountable and transparent way. To ensure that the public receives clear and comprehensible information from insurance companies, regulatory bodies are empowered to impose stricter disclosure requirements. Emphasizing government action on creating widespread knowledge among members of the public on the worth and the pros of life assurance is what ought to be prioritized. To enhance comprehension, financial literacy programs often correct any misunderstandings especially within rural areas.

Lawmakers can persuade insurance corporations to finance staff training and educational programs. People with a deep understanding of a specific discipline can assist a lot in creating trust and enlightening prospective customers. They should ensure that there is creation of laws which allow every citizen to have access to any insurance coverage but more focus should be on developing areas and disadvantage. For this to happen, it could possibly involve offering money to insurance companies as a motivator for them to reach out into remote regions while using specific kinds of payments that enable poor families purchase own policies. There is also need for encouraging collaboration between national leaders and overseas experts on how to control firms offering policies globally if one desires his/her region not left behind at all.

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