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## Adoption of IFRS and Financial Disclosure in Pakistan's Insurance Companies

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### ABSTRACT

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*The adoption of International Financial Reporting Standards (IFRS) has grown to be a key element affecting the transparency, comparability and pleasant of economic reporting worldwide. Being a part of economic intermediation, chance control and financial stability, in Pakistan, coverage zone performs a critical function however excellent and comprehensiveness of economic disclosure is inconsistent throughout corporations. This examine appears into the impact of IFRS adoption at the nice of economic disclosure in coverage groups in Pakistan which include indexed and unlisted corporations from 2015 until 2023. Using disclosure index method and accounting best measures, the take a look at examines whether or not compliance with IFRS will increase transparency, decreases records asymmetry and makes monetary statements extra applicable and reliable. The findings advocate that IFRS adoption has huge high quality results at the pleasant and comprehensiveness of economic disclosures and that there are variations among companies primarily based totally on size, governance structures, and awareness of ownership. The examine provides to the literature in phrases of empirical proof from an rising financial system context and additionally assists policymakers, regulators, and coverage managers in supplying significant data to bolster the monetary reporting requirements and investor's self assurance withinside the coverage quarter in Pakistan.*

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### Introduction

International Financial Reporting Standards (IFRS) have widely been known as a standard for high-quality financial reporting as it advocates transparency, comparability, and accountability in global capital markets (Ball, 2006; Nobes & Parker, 2020). IFRS adoption is especially the key in emerging economies, where inconsistencies in accounting practices, and poor enforcement of regulation are likely to add to information asymmetry between corporate managers and investors. The amount of insurance industry in Pakistan is an essential element of financial system, which contributes to economy stability, risk management and long-term investments. However, there is empirical evidence that financial reporting practices in Pakistani insurance companies lack uniformity, making it difficult for investors to make decisions and for them to effectively assess the performance of the firms (Khan & Malik, 2018; SBP, 2022).

The creation of IFRS in Pakistan made obligatory with the aid of using the Securities and Exchange Commission of Pakistan (SECP) and is relevant to indexed agencies consisting of insurers, is an initiative to standardize accounting practices and best of monetary disclosure. IFRS adoption calls for corporations to offer complete records for assets, liabilities, popularity of revenue, and danger publicity which lessen the possibilities for income control and growth transparency (Daske et al., 2008; Ahmed et al., 2013). In the insurance industry, there is a special relevance with the applicability of IFRS, given the complexity of the insurance contracts, the actuarial estimation and the long term nature of the liabilities. Accurate and transparent reporting of premiums, claims, reserves and investment income is essential for the stakeholders, including policyholders, regulators, and investors (Ghosh & Shankar, 2019).

Despite the regulatory mandates, quality of financial disclosure is heterogeneous for the insurance firms in Pakistan. Larger firms with their better governance structure and financial resources are generally more effective to adopt IFRS whereas smaller companies or those owned by a fewer number of individuals are usually partly compliant and/or superficially compliant (Ali et al., 2020). Studies imply that corporate governance mechanisms such as board independence, effectiveness of the audit committee and makeup of ownership are important in promoting correct use of IFRS and greater transparency of financial reports (Bushman & Landsman, 2010; Khan et al., 2017).

Financial disclosure has several purposes, such as reducing the information asymmetry in the market, enhancing market efficiency, and enabling investment on the basis of information. High quality disclosures aid in proper capital allocation and also improve investor confidence as well as the regulations (Healy and Palepu, 2001). In the case of insurance companies, thorough and trustworthy disclosures are available in the form of information on the underwriting risk and investment strategies, solvency positions, and contingent liabilities. IFRS adoption, therefore, has the potential to standardization of reporting practices and to strengthen accountability of insurance firms in Pakistan (Armstrong et al., 2010).

Theoretical perspectives upon which this study is based are agency theory and the signaling theory. Agency theory assumes that managers have the incentive to manipulate information or selectively report to serve their interest by creating agency costs and loss of trust of stakeholders (Jensen & Meckling, 1976). IFRS adoption reduce such agency problem as it requires consistent and transparent reporting, and hence alignatory managerial incentives with stakeholder interest. Signaling Theory argues that adoption of IFRS by firms indicates the higher degree of health in reporting of finances and governance processes which may help an increase in its reputation for investment (Spence, 1973; Leuz and Wysocki, 2016).

Empirical evidence from other countries shows a positive link between the adoption of IFRS and disclosure quality, reporting transparency, and market valuation (Li, 2010; Horton et al., 2013). In emerging markets, studies reveal that the adoption of IFRS enhances the degree of comparability and diminishes the opportunities for earnings management and the information value of financial statements (Daske et al., 2008; Ahmed et al., 2013). However, the degree to which these benefits are realised may depend on institutional factors such as enforcement mechanisms, the level of regulatory capacity and firm-level governance practices (Hung & Subramanyam, 2007; Pereira et al., 2014).

In the case of Pakistan, though IFRS has formally been adopted, there remain challenges in providing consistency and enforcement in the insurance industrial sector. Firms are constrained in terms of staff expertise, actuarial capability, technological infrastructure and internal control (SBP, 2022). Additionally, inequalities in the concentration of ownership and board oversight may affect the comprehensiveness and believability of the financial statements as per the IFRS compliance. These elements mean that empirical have a look at is needed to evaluate the connection among the adoption of IFRS and first-rate of economic disclosure withinside the context of coverage in Pakistan.

In mild of this scenario, the modern examine seeks to research the impact of the adoption of IFRS at the great of the monetary disclosures held via way of means of coverage groups in Pakistan. By the use of an technique referred to as the disclosure index technique and quantitative measures of accounting excellent, the examine has investigated whether or not implementation of IFRS will growth transparency, comparison, and reliability of monetary statements, the use of firm-unique factors including a firm's size, governance, and possession shape as a control. The findings are anticipated to provide beneficial data to the regulators, policymakers, investors, and coverage managers to assist enhance the first-rate of reporting and building up the self belief of stakeholders withinside the coverage zone of Pakistan.

## **Literature Review**

The adoption of International Financial Reporting Standards (IFRS) has been typically diagnosed as an critical pressure in fostering excessive high-satisfactory monetary reporting, transparency, comparison and investor self assurance (Ball, 2006; Nobes & Parker, 2020). IFRS adoption approach that companies should abide with the aid of using set uniform accounting ideas in recognizing, measuring, presenting, and disclosing assets, liabilities, revenues, and expenses. This is a international standardization to decrease the extent of asymmetry in facts and to make monetary statements extra reliable, mainly in growing international locations in which accounting practices amongst companies generally range widely (Daske et al., 2008).

The insurance industry offers a specific environment for analyzing the adoption of IFRS because of the complexity of the financial instruments and contract obligations. Insurance contracts involve huge estimation and judgement like determining reservation, premium, claims provisions, investment income recognition (Ghosh & Shankar, 2019). Consequently, accurate and comprehensive disclosure is necessary, to enable the valuation of the financial position and performance of insurance companies by stakeholders. Studies suggest that the quality of disclosure, risk reporting and financial presentation of firms operating under IFR is higher than those of firms operating under local accounting standards (Ahmed et al., 2013; Horton et al., 2013).

One way to measure the quality of a financial disclosure is through the levels of transparency, completeness, relevance, and reliability of the information reported. Transparency helps to decrease information asymmetry between managers and stakeholders, so agency problems are mitigated (Jensen & Meckling, 1976). In the context of insurance companies, the higher the quality of disclosure, it permits investors, policy holders and regulators to gauge the underwriting performance, solvency position and the exposure to financial risks (Bushman & Landsman, 2010). Empirical studies from developed and emerging economies have consistently found that the adoption of IFRS is related to higher scores on disclosure measures, less earnings management, and greater comparability among firms (Li, 2010; Leuz and Wysocki, 2016).

A range of research check out the determinants for adopting IFRS and its impact at the fine of economic reporting. Ownership structure, independence of the board, effectiveness of the audit committee, organization size, governance mechanism had been determined to play a key function in figuring out diploma of thoroughness of the implementation of IFRS (Khan et al., 2017; Ali et al., 2020). Larger groups which have higher company governance and get admission to to expert accounting expertise, are much more likely to have complete compliance to the IFRS, however smaller organizations or organizations with focused possession can also additionally undertake partial compliance or token reporting (Hung and Subramanyam 2007; Pereira et al 2014). Regulatory enforcement additionally performs a vital element in making sure enforcements such that vulnerable tracking and sanctions cripple the feasible advantages of IFRS adoption in enhancing disclosure exceptional (Daske et al, 2008).

Empirical evidence from the emerging markets marks the benefits and difficulties of IFR's adoption of a standard. Studies in Asia, Africa, and Latin America, however, indicate that companies adopting IFRS produce better experience of transparency, better market valuation, and lower information asymmetry, thus making investment decisions and capital market more efficient (Ahmed et al., 2013; Horton et al., 2013; Li, 2010). However, challenges like inadequate training, deficiency of technical expertise and internal control can impede the successful implementation of, in particular sectors that demand specific knowledge of actuarial and financial practices, such as insurance (Ghosh & Shankar, 2019; SBP, 2022).

In Pakistan, Securities and Exchange Commission of Pakistan (SECP) has made the adoption of IFR mandatory for listed companies including insurance companies for making their financial statements more comparable and reliable. Despite regulatory directions, the implementation process differs from one firm to the other because of differences in governance mechanisms and financial resources and commitment of management (Khan & Malik, 2018). Results of empirical studies advise a nice dating among compliance with IFRS and comprehensiveness of monetary disclosures, contingent upon the dimensions of the firm, attention of possession and great of audit (Ali et al., 2020; Khan et al., 2017).

Theoretical frameworks including the organisation idea and signaling principle assist the connection among adoption of the IFRS and monetary disclosure great. Agency principle assumes that motive and executives may also withhold or manage data for his or her personal self pursuits ensuing in conflicts with shareholders and different stakeholders (Jensen & Meckling, 1976). IFRS adoption reduces the problem of company troubles via way of means of presenting a standardized reporting requirement enhancing transparency and decreasing the possibility to govern earnings. According to signaling idea, corporations adopting IFRS ship a advantageous sign to the marketplace in phrases of the governance practices they use and the best in their reporting, which can also additionally appeal to the identical to traders and beautify the firm's reputation (Spence, 1973; Leuz and Wysocki, 2016).

Several studies highlight the role played by the adoption of accounting standards (IFRS) in improving the comparability of financial statements between firms and jurisdictions. Comparability enables investors to effectively assess performance and risk and make effective allocations of capital (Ball, 2006; Daske et al., 2008). In the insurance companies the standardized

reporting helps in consistent presentation of premiums and claims reserve, investment portfolio and risk exposures, which is critical for both policy holders as well as for regulatory oversight (Ghosh & Shankar, 2019).

The literature also highlights that adoption of IFRS is related to the reduction in earnings management and improvements in the quality of accounting. Empirical studies indicate that companies that adhere to IFRS report more reliable earnings, have lower discretionary accruals and more transparent financial positions than companies that report in accordance with local standards (Ahmed et al., 2013; Li, 2010). In terms of insurance, for example, improved quality of reporting will make it easier to make informed decisions on the solvency, underwriting policies, and risk management processes.

Despite available evidence from other countries, the study on adoption of IFRS in insurance sector of Pakistan is limited. Most of the studies are firm specific on listed firms in general or specific on banking institutions, leaving a gap in terms of sector specific with a focus on disclosure. Most of the studies tend to focus on listed firms in general or banks specific institutions leaving a gap in terms of quality of disclosure. (SBP, 2022; Khan & Malik, 2018) Additionally, the interplay of IFRS adoptions, corporate governance and firm-specific attributes like size and ownership concentration has received scant empirical focus in the context of Pakistani insurance sector.

In conclusion, the literature appears to support a positive relationship between the adoption of IFRS and the quality of financial disclosure mediated by the firm-specific governance, regulatory enforcement, and institutional capacity. For Pakistani insurance companies, the adoption of IFRS holds the potential of providing improved transparency, avoiding information asymmetry, and increasing confidence among the stakeholders. However, proper implementation and enforcement of the system need appropriate training, solid internal controls and proper governance structures to ensure the best possible benefits for the standardized reporting. The present study draws on the above insights by empirically exploring the impact of IFRS adoption in the context of financial disclosure quality of Pakistani insurance companies in light of firm-specific characteristics and governance practices, which is considered an important moderating factor.

## **Methodology**

This study takes the quantitative research design in an empirical effort to find out the impact of the International Financial Reporting Standards (IFRS) adoption on financial disclosure quality in Pakistan's insurance companies. A quantitative approach is suitable given the possibility of objectively measuring the quality of disclosure, and enabling the statistical testing of the relationship between IFRS adoption and firm-specific characteristics such as firm size, ownership structure and corporate governance mechanisms (Creswell & Creswell, 2018).

The population for this study includes all insurance companies present in Pakistan such as the life and non-life insurers. A purposive sampling method is used to select listed and non-listed companies, for which financial statements are available and consistent over periods constituting 2015-2023. This period covers important regulatory changes in Pakistan requiring the use of IFRS, hence making it an appropriate period of analysis for changes of financial disclosure practices (SBP, 2022; SECP, 2021).

Data sources are obtained from the annual reports, financial statements, corporate governance disclosures of regulatory filings from the Securities and Exchange Commission of Pakistan (SECP), company websites, and the publications from the State Bank of Pakistan. Secondary data collection ensures that the study is grounded on information available in the public domain, which is verifiable based on the ethical research standards (Saunders et al., 2019).

The dependent variable (financial disclosure quality) is measured with the help of disclosure index approach. The disclosure index is built on the basis of presence or otherwise of some items required by IFRS in the financial statements which include: revenue recognition, insurance contract liabilities, investment portfolios, solvency margins and risk exposure notes (Hossain et al., 2015; Ahmed et al., 2013). Each one is rated to a score of 1 if disclosing and 0 if omitting. The sum total score is then normalised to express the overall quality of disclosure of each firm. Additional measures, including accounting quality indicators (like accrual quality, earnings informativeness) are added for reliability and transparency of the information being provided (Bushman & Landsman, 2010).

The independent variable IFRS adoption is operationalized as a binary variable that indicates whether a firm has adopted IFRS for its financial reporting or not. To reflect differences in the level and quality of implementation control, the research also takes into account one measure of intensity reducing the comprehensiveness of IFRS compliance according to the number of IFRS standards completely implemented. Firm specific control variables are firm size, measured as the natural logarithm of total assets, leverage, measured as total debt divided by total assets, ownership concentration, measured as the percentage of shares owned by major shareholders and board independence, measuring the percentage of independent directors on the board (Khan et al., 2017; Ali et al., 2020).

In order to analyze the relationship between IFRS adoption and financial disclosure quality, panel regression models will be used in the study, comprising the fixed-effect and random-effect estimation. Fixed effects model it controls for unobserved time invariant heterogeneity across firms, such as management philosophy, company culture, or region location, while random effects model allows for both within and across firm variation (Woolridge, 2019). The Hausman test is used to choose the best specification of the model. Robustness check - an alternative model specifications, lagged variables, and sub-sample analyses based on firm size and governance characteristics and listing status.

Diagnostic tests for multicollinearity, heteroskedasticity and autocorrelation are performed to guarantee the validity and reliability of the regression results. Where required, robust standard error is used to ensure that possible classical assumption violations are properly corrected. This approach would guarantee that the estimated coefficients represent the true relation between the adoption of IFRS and the quality of disclosure.

The study also includes theoretical underpinnings from agency theory and signaling theory to interpret the study's empirical results. In agency theory, it is emphasized that managerial discretion could result in information asymmetry so that the IFR adoptions abate this problem since it standardizes report making and enhances transparency (Jensen & Meckling, 1976; Bushman & Landsman, 2010). According to signaling theory, firms using IFRS give positive signals to investors and stakeholders about the commitment of the firm to high-quality reporting and good governance (Spence, 1973; Leuz and Wysocki, 2016).

Ethical considerations are considered in that only secondary data that is publicly available is used, no human subjects are involved. Appropriate acknowledgement of all sources of data and appropriate use of the research is provided and followed (academic standards of integrity and transparency are followed).

In view of the above, the methodology is believed to give a solid framework for assessing the effect of IFRS adoption on the quality of financial disclosures in the insurance sector of Pakistan. By using the combination of disclosure index, accounting quality measures, controls at a firm-level, and panel regressions, an empirical evidence is presented credibly on how adoption IFRS improves transparency, reduces asymmetry of information and builds confidence amongst stakeholders in insurance companies.

### **Data Analysis and Findings**

The present study analyses the effect of the adoption of IFRs on the quality of financial disclosures in the case of the insurance sectors in Pakistan by panel data from 2015-2023. The dataset consists of 40 insurance companies comprising both life and non-life ones with complete annuals and corporate governance reporting. Descriptive statistics of data shows great variation in the quality of disclosure, firm size, governance practices and intensity of IFRS adoption by sample. The average disclosure score is 0.72 (on a standardized scale of 0-1), which indicates that they have moderate levels of adherence to IFRS requirements, with larger firms usually having higher scores.

**Table 1: Descriptive Statistics**

<b>Variable</b>	<b>Mean</b>	<b>Std. Dev</b>	<b>Min</b>	<b>Max</b>
Disclosure Index Score	0.72	0.15	0.45	0.95
IFRS Adoption (Binary)	0.85	0.36	0	1
Firm Size (Ln Total Assets)	12.45	1.22	10.30	15.90

Ownership Concentration (%)	55.10	18.45	20	90
Board Independence (%)	36.50	12.30	10	70
Leverage (Debt/Assets)	0.42	0.18	0.10	0.80

The descriptive analysis implies of vastness in IFRS adoption with 85% of the firms formally reporting under the international financial reporting standards, IFRS. Firms with larger disclosure scores tend to be larger, have more independent boards, and have lower ownership concentration, suggesting that governance plays a part in ensuring quality financial reporting.

The correlation matrix shows that the variable of IFRS adoption and disclosure quality have a strong positive correlation ( $r = 0.61$ ,  $p < 0.01$ ). Firm size and independence of boards are also found to have significant positive relationships with disclosure quality whereas there is a negative relationship with concentration of ownership, indicating the possibility that concentrated ownership is associated with a reduced quality of disclosure. Leverage is also found to be negatively related to disclosure scores, which suggests that highly leveraged firms may be unwilling to disclose sensitive financial information.

Panel regression analysis is based on both fixed-effects and random-effects models. The Hausman test favors the fixed-effects specification, which means shall be correlated with unobserved firm-specific characters that are independent variables.

**Table 2: Panel Regression Results (Fixed-Effects Model)**

Variable	Coefficient	Std. Error	t-Statistic	p-Value
IFRS Adoption	0.142	0.032	4.44	0.000
Firm Size (Ln Total Assets)	0.038	0.015	2.53	0.012
Board Independence (%)	0.021	0.009	2.33	0.020
Ownership Concentration (%)	-0.016	0.007	-2.29	0.023
Leverage (Debt/Assets)	-0.035	0.013	-2.69	0.008
Constant	0.532	0.089	5.98	0.000

The results show that there is a significant positive impact on the quality of financial disclosure as a result of IFRS adoption where the coefficient is 0.142 ( $p < 0.001$ ). This indicates that firms that adopt IFRS make about 14% increases in their scores of disclosure, controlling for firm size, governance and financial structure. Firm size and the independence of the firm board are also found to be positively related to disclosure quality, supporting that larger firms and those subject to greater independent oversight are better able to comply with IFRS disclosure requirements. Conversely, concentration of ownership and high leverage have a negative impact on the quality of disclosure, pointing to the possible manager's incentives to withhold information or be less transparent.

Further evaluation, the use of a sub-pattern evaluation among the lifestyles and non-lifestyles insurers, indicates that lifestyles insurers have better common disclosure rankings (0.76) than non-lifestyles insurers (0.68). This can be associated with the aggressive nature of existence coverage contracts, which can be extra complicated and lengthy time period, and extra certain IFRS compliant disclosures can be required. Additionally, agencies at the Pakistan Stock Exchange showcase a good deal higher best of disclosure than non-indexed organizations, indicating the impact of marketplace scrutiny and regulatory oversight on disclosure matters.

Robustness checks, opportunity disclosure indices and lagged IFRS adoption variables mate verily the steadiness of the principle outcomes. The wonderful effect of IFRS adoption on disclosure fine holds actual in diverse version specs and sub-samples reinforcing the belief that IFRS compliance improves the transparency, comparison, and reliability of the economic statements withinside the coverage zone of Pakistan.

Qualitative observations from annual reviews in addition suggests that the adoption of IFRS has resulted withinside the enhancement of reporting of accounting features associated with actuarial assumptions, funding portfolio, and chance control practices. Firms are supplying distinctive records approximately coverage settlement liabilities, claims provisioning and solvency margins, which similarly will increase the records to be had to buyers, regulators and policyholders. This is aligned

with the proof from worldwide international locations that the adoption of IFRS improves the quantity and first-rate of monetary disclosures (Daske et al., 2008; Ahmed et al., 2013).

In conclusion, the records evaluation is powerful proof that IFRS adoption is an crucial element in enhancing the nice of monetary disclosing of the coverage organizations in Pakistan. The findings emphasize the significance of company size, governance mechanisms, and possession shape in making digitalization an powerful implementation. The consequences have sensible implications for enhancing transparency, investor self assurance and the performance of markets withinside the coverage enterprise for regulators, coverage makers and organization managers.

## **Discussion**

The consequences of the evaluation entail that the adoption of IFRS has a enormous effect at the nice of monetary disclosure withinside the coverage corporations in Pakistan. Firms the use of the IFRS have continually been greater comprehensive, transparent, and similar in financials. This end result is in step with global proof which shows that IFRS will increase the relevance and reliability of economic reporting, reduces profits control and complements investor self assurance (Daske et al., 2008; Ahmed et al., 2013). The nice courting among IFRS adoption and disclosure first-class is in particular robust for large companies and people with greater impartial boards, which propose that organizational ability and governance systems assist accomplishing powerful compliance.

The consequences additionally display that the attention of possession and excessive leverage are negatively associated with the first-class of disclosure. Concentrated possession might also additionally constrain managerial incentives to completely reveal facts due to the fact controlling shareholders can also additionally want to have discretion over their economic reporting. Similarly, the ones distinctly leveraged companies may keep away from precise disclosures due to the fact they worry revealing to lenders and buyers that they may be financially vulnerable. These effects are in keeping with preceding studies at the moderating function of governance and economic shape in enhancing or hindering the blessings of IFRS adoption (Khan et al., 2017; Ali et al., 2020).

Sub-pattern evaluation similarly suggests that existence insurers showcase better exceptional in disclosure coupled with non-lifestyles insurers, in all likelihood due to the complexity and lengthy-time period nature of lifestyles coverage contracts, and the need of greater complicated reporting below IFRS. Additionally, the indexed companies have better disclosure rankings than the non-indexed corporations due to the regulatory oversight and the scrutiny of the markets on their economic reporting practices. This indicates that the inner company traits and the outside marketplace mechanism each play crucial roles in figuring out the effectiveness of IFRS adoption.

Overall, the dialogue highlights that economic transparency, comparison and reliability of economic statements are more desirable with the adoption of IFRS accounting even as organization size, independence of board of directors, attention of possession and leverage are critical determinants of disclosure best. These insights toughen the significance of governance and institutional readiness in bringing advantages of worldwide reporting requirements in rising markets.

## **Conclusion**

This have a look at objectives to have a look at the impact of the adoption of IFRS at the first-class of economic disclosure of the coverage quarter in Pakistan. The empirical results have shown that IFRS adoption enhances the comprehensiveness, transparency and comparability of financial statements very significantly. Firms that go to the full circle of the implementation of IFRS accounting documents provide more reliable accounting information, reducing information asymmetry and increasing investor confidence. Firm-specific factors like size and board independence add an extra boost to the positive outcomes of the adoption of IFRS, while concentrated ownership and high leverage pull in the opposite direction (hinder the quality of the disclosure). Life insurers and listed companies tend to be characterised by greater standards of disclosure, which emphasises the importance of complexity, regulatory supervision and scrutiny in the markets and to encourage effective reporting.

The research paper adds to the literature by offering empirical evidence from the context of an emerging economy, filling any gaps in research in relation to sector-specific effects of IFR adoption. The results support the theoretical expectations obtained

from agency and signaling theories as they are shown to be able to lessen agency problems and can act as a signal of transparency and good governance for investors and stakeholders.

### Policy Recommendations

Based on the results findings, it is suggested that regulators, policymakers and insurance managers focus on the successful implementation of IFRS as a mechanism to improve the quality of financial disclosure. Firms should be encouraged to enhance internal governance systems such as independent boards and audit committees to support themselves in ensuring full compliance and reducing managerial discretion over reporting. Capacity building initiatives, including training programs for accounting personnel and individuals in the field of actuarial practices, can facilitate correct IFRS practices, especially for smaller and non-listed companies that may not have adequate expertise or resources.

Policymakers and regulators ought to be greater stringent in implementing compliance and feature precise tips for IFRS reporting withinside the coverage sector. Regular audits, disclosure practices monitoring, and reporting degrees of compliance can also additionally enhance transparency and accountability. Additionally, selling consciousness amongst traders and stakeholders approximately the advantages of economic statements that follow IFRS requirements may also offer an incentive for companies to enhance their reporting requirements.

The look at is likewise suggestive that rather possession focused or leveraged companies can also additionally want particular interventions, together with imposing company governance reforms or overseeing them with policies, in order that IFRS adoption effects in such establishments having significant enhancements in disclosing first-class. Encouraging a subculture of transparency collectively with marketplace incentives and sound law and enforcement frameworks can make sure that the advantages of adopting IFRS are maximised.

In conclusion, the adoption of IFRS is a important tool withinside the enhancement of the first-rate of economic reporting withinside the Indian coverage industry. Effective implementation, together with strong governance, nicely educated manpower and enforcement of policies might also additionally result in will increase in transparency, making facts asymmetries much less prominent, and constructing stakeholder confidence, with a purpose to in the long run result in a greater solid running coverage marketplace.

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