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Impact of Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 in Insurance Sector in India: An Empirical Study

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Abstract

This paper reviews the landscape of the insurance industry in India which is slated to grow exponentially in the next decade because of the enormous size of the population coupled with the fact of under-penetration of insurance in India. However, the technological revolution, from big data to blockchain; from industry 4.0 to artificial intelligence have all reshaped the insurance sector in the last decade. This has resulted in need for reforms to facilitate massive capital and latest technology in insurance sector. In Indian Budget 2025, Govt. announced 100% FDI in Insurance and subsequently came up with Insurance Amendment Rules in August 2025 and finally passed the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 with a slew of changes. It entails insurance for all by 2047 and involves changes in multiple acts pertaining to the insurance industry in India including the Insurance Act, 1938, Life Insurance Corporation Act, 1956 and Insurance Regulatory and Development Authority of India Act, 1999. To analyze the impact of these reforms, I used over 150 survey responses from employees and managers, insurance agents and policyholders to measure awareness of these reforms, their perceived enforcement and implementation and to showcase their relationship with perceived transparency. Applying various statistical and econometric tools, I find both awareness of stakeholders and effective reforms implementation significantly predict transparency positively along with showcasing strongest effect through implementation. Awareness partially mediates the effect of implementation on transparency-based outcomes. A tool transparency index evaluates its utility as a major policy tool. The research has important implications for regulators, insurance companies, policymakers and other stakeholders alike.

Keywords: Insurance Reforms, Amendment of Insurance Laws, Awareness of reforms, Transparency Index, Enforcement, Transparency, Sabka Bima Sabki Raksha, Insurance for All

Introduction

India is often categorized as a common law country and rule of law is one of the characteristics of Indian legal system (La Porta et. al., 1997; La Porta et. al., 1998; La Porta et. al., 2000; La Porta ett. al., 2002; La Porta e. al., 2006) but at the same time, one issue that has been the bane of legal system in India is enforcement of laws. (La Porta et. al., 1997; La Porta et. al., 1998 and La Porta et. al., 2000). In India, within the framework of common laws, insurance laws occupy a very significant place in the legal landscape of India. Many different research studies

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show that insurance contributes to the economic development of the country. Insurance promotes taking risks and entrepreneurial activity by reducing uncertainty and providing financial stability for individuals and businesses, thereby contributing to a country's economic development (Klein, 2012). It develops employment through the insurance sector, boosts savings and invests premiums in prospective infrastructure and the economy, thereby leveraging savings. (Outreville, 2013; Outreville, 1996). Besides that, insurance also serves as an economic stabilizer by facilitating trade and commerce, supporting risk management for both businesses and individuals (Outreville, 1985 and Singh et. al., 2024) and offering a safety net against several kinds of disruptions including wars such as recent Russia- Ukraine conflict (Stetsyuk et. al., 2024) or the brief conflict of India and Pakistan in May 2025.

The Indian insurance sector has gone through an extensive change in recent decades and has been one of the engines of India's economic growth. Insurance companies have significantly contributed to the development of capital markets by investing a significant portion of their funds (>50%) in the debt and equity markets (Raj et. al., 2024) (LIC Annual Report, 2025 available at www.licindia.in). Given the substantial investments in the Indian economy, the insurance sector has been instrumental in its expansion.

Growth in the economy, advancements in technology, changes in demographics and increased consumer awareness of financial protection through insurance, particularly in the aftermath of the COVID-19 pandemic, have all contributed to the growth and transformation of the sector. The Indian insurance industry is slated to grow exponentially in the next decade because of the fact that India is world's most populous nation (1.46 billion people), having overtaken China too (www.worldbank.org) coupled with the fact of under-penetration of insurance in India (just over 5% compared to the advanced economies such as UK (12%) and USA (10%) (Outreville, 2013).

Despite the fact that India's insurance penetration and density are low in comparison to those of advanced countries in both the life and non-life insurance sectors, there has been a gradual but consistent increase in recent years. The industry has undergone a significant transformation in the past few decades, largely as a result of the establishment of the Insurance Regulatory and Development Authority of India (IRDAI), the opening of the sector to both private and foreign players, and the gradual increase in the foreign investment limit from 49 percent to 74 percent and eventually now to 100%. The insurance sector has undergone a transformation from an exclusive state monopoly to a competitive market. This increased competition facilitated the diversification of the market, the introduction of a diverse and innovative product line, and the improvement of customer satisfaction and reach.

In Indian Budget 2025, Govt. announced 100% FDI in Insurance on February 1, 2025 and subsequently came up with Insurance Amendment Rules in August 2025 and finally passed the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 with a slew of changes. It focuses on insurance for all by 2047 and involves changes in multiple acts pertaining to the insurance industry in India including the Insurance Act, 1938, Life Insurance Corporation Act, 1956 and Insurance Regulatory and Development Authority of India Act, 1999. The primary aim of the study is to evaluate the impact of these reforms, especially with reference to whether these can bring more transparency in the insurance industry.

By empirically examining and validating the role of regulatory reforms undertaken in 2025, the research ultimately contributes to both academic literature and practice. The research offers actionable insights for policy regulators (to strengthen the mechanisms of enforcement and channelize transparency metrics) as well as insurers (to align practices with aforesaid regulatory reforms) as also other stakeholders and contributes to better governance and accountability in the insurance sector.

The rest of this paper is organized as follows: Section 2 briefly reviews the literature on the insurance industry. Section 3 reviews the role and contribution made by insurance sector in the economic growth of India and effectively explains why is this study important. Section 4 explains the key reforms undertaken in 2025 through the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 and the research gap. Section 5 explains the objectives of the study and develops the hypothesis. Section 6 details the research methodology while Section 7 presents the data interpretation and results. Section 8 discusses the findings of the study while Section 9 concludes the discussion and points to a few limitations of the research and also identifies areas of future research.

Section 2: Review of Literature

There is a huge body of research on how insurance contributes to economic growth of a nation and how economic growth of a nation, in turn, contributes to the development of insurance sector (Outreville, 2013). Similarly, there is a huge body of research on how technology contributes to the growth of insurance industry and its vital role in the same (Srivastava et. al., 2024; Shetty et. al., 2022). So, in this section, I will only focus on papers that emphasize how regulations can help in the development of insurance industry and contribute to greater transparency in the sector and generate economic growth, which is the primary theme of this study.

Schwarcz (2013) contends that the absence of transparent insurance markets signifies a widespread and underrecognized deficiency in state insurance regulation. They find that transparency-oriented regulatory strategies can encourage consumer choice, use market discipline, and make sure that regulators are held accountable and protect consumers. Klein (2012) also advocates regulation and transparency to fix issues in the insurance sector specially because of principal agent problems and information asymmetry issues and conclude that insurance regulations can work for welfare of individuals and businesses. Klein (2012) cites that because of Solvency II; the EU seems to be a long way ahead of other countries when it comes to having best practices in place to regulate the financial health of insurers and this can be replicated by countries like India. Slobodyanyuk (2016) also supports regulation and transparency by analyzing the correlations between enhancing market accessibility for insurance and safeguarding consumer rights. His research also makes it clear that the main goal of insurance regulation is: to improve

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social welfare by using regulation to deal with problems in the market. The main problems in the insurance market that need government involvement are unequal information and disagreements between the principal and the agent. So, Slobodyanyuk (2016) recommends that regulators should keep a close eye on the financial health and business operations of insurance companies and increase consumer welfare.

Klein (2008) discusses the framework of insurance regulations in USA and how insurance regulations have shaped the pathway for the future. He investigates the existing system for the regulation of insurance as well as recent state initiatives that are significant when taking into consideration the necessity of alternative frameworks and the ramifications of such frameworks. Finally, he recommends a variety of institutional structures for the regulation of insurance in order to identify the possibilities that are open to policymakers.

Baker (2008) discussed how liability insurance has made the civil court system more transparent and easier for people to use and explains how regulations can provide link between responsibility and insurance in a larger sense. Ndungu (2013), observed that most nations with active capital markets have seen a rise in public and academic discourse surrounding corporate governance challenges. He advocates greater transparency in the Kenyan insurance sector and comes up with an organization transparency database. The Company Governance Forum at Standard & Poor's defines 105 disclosure and transparency criteria. Citing many transparency metrics, Ndungu (2013) concludes that regulators should push for more disclosure and openness in the insurance industry since it improves financial performance as greater disclosure reduces information asymmetry, which in turn reduces cost of capital and thereby helps in raising the value of firms.

Mannar (2015) observed that with the adoption of a globalized economic model, India's insurance sector is becoming more accessible to private insurers as well as public sector entities. Additionally, foreign investors are becoming more active, which could eventually lead to the establishment of insurance companies in India by institutions with greater financial resources and specialized knowledge. After years of heavy regulation and monopolization by a small number of public sector insurers, India's insurance market has made great strides forward. With the arrival of global insurers, the introduction of novel products and distribution channels, and the tightening of regulatory criteria, a new age in insurance development has begun.

Ray et. al. (2020) examined the insurance industry in India and follows its development and evolution and showed that the insurance industry in India has experienced rapid expansion during the past several years. They highlight a number of issues that the insurance sector is now facing, including poor penetration and density rates, a lack of investment in insurance products, the relative inefficiency of the dominant public sector insurers etc. However, the reforms of 1990s and subsequent steps have led to modernization of the sector.

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Section 3: Role and Contribution of Insurance Sector in the Economic Growth of India

Insurance companies, primarily LIC in India have gathered the savings and invested in productive activities of the economy, thereby aiding in the economic development of the country. They provide insurance coverage to a sizable portion of the country's population as well as to corporations and businesses all over India and channelize resources in a variety of investment projects (Ray et. al, 2020).

Klein (2012) mentions that there are three fundamental processes that are required in order to carry out the process of capital formation. The first step is genuine saving, i.e., the accumulation of funds through financial and non-financial intermediaries in order to make them available to investors. The second step is the act of investing. In addition to private sector investments, the government has established regulations that require all insurers conducting business in the life insurance industry to invest 25 percent of their capital in government securities and a minimum of 15 percent in the social and infrastructure sectors. The significance of the Indian insurance sector may be measured by the fact that the yearly amount of investible funds of LIC and GIC and its subsidiaries amounted to about Rs. 200 billion and Rs. 100 billion respectively, and these funds are invested in housing and other infrastructural areas as well as in nation-building activities. The third step is expansion of employment opportunities, e.g., in India, Life Insurance Corporation of India (LIC) has provided employment not just to employees but to a huge network of agents and sub-agents (Singh et. al., 2024).

Insurance businesses in India are required to meet their obligations to the rural sector and the social sector, e.g., life insurance companies must maintain a minimum of 5 percent, 7 percent, 10 percent, 12 percent, and 15 percent of their total policies in the rural sector throughout the first five years respectively. In a similar vein, general insurers are required to have 2 percent, 3 percent, and 5 percent, respectively, of their total gross premium income written in the rural sector in the first five financial years (Singh et. al., 2024).

Insurance companies also act as financial intermediaries and help in decreasing transaction costs. By collecting funds from policyholders and investing these monies in various projects spread across multiple locations, insurers contribute to a reduction in transaction costs in the economy. It is a task that demands a lot of time as well as specific knowledge. Investors can benefit from economies of scale, as insurers are able to provide funding for huge projects, such as power projects and railways or other ventures. Even financial institutions require that insurance coverage be provided for assets prior to the provision of a loan for the acquisition of assets. Consequently, insurance fosters specialization and flexibility in the economic system, both of which contribute to the sound and healthy expansion of trade and commerce. Consequently, it results in effective and productive allocation of capital resources, which also results in higher production and efficiency (Raj et. al., 2022)

Further, by insuring individuals, businesses, and organizations against major risks and losses, the insurer contributes to the financial stability of the economy. Due to uninsured big losses, a company may be unable to pay for the loss, which could result in its insolvency. This, in turn, may lead to the loss of jobs, a loss of money for suppliers and governments, a loss of products for customers, and so on. Finally, insurance companies offer a range of insurance products that meet the needs of women, children, and the elderly within the social security network and thereby protecting the vulnerable sections of the society. To sum it up, the role of insurance sector in the economic growth of India cannot be overemphasized (Ray et. al., 2020).

Section 4: Key Reforms Undertaken in 2025 and Research Gap

Ray et. al. (2020), Mannar (2015), Raj et. al. (2024) and Singh et. al. (2024) and other studies examine the insurance industry in India and follow its development and evolution so in this section, rather than the entire set of reforms since 1990s, only the reforms undertaken through the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 are being discussed (since that is the object of this study). The overriding goal of the insurance reforms are insurance for all by 2047 and to facilitate that by bringing in additional capital and latest technology through 100% FDI, modernize the underpenetrated insurance sector, foster innovation, enhance efficiency, and broaden insurance penetration. The expectation is that better regulations will bring in greater transparency. The salient features of the key reforms and their potential impacts are mentioned below:

1. **FDI limit raised to 100%:** In Indian Budget 2025, it was decided to increase Foreign Direct Investment limit to 100% (up from 74%) to attract foreign capital. To implement the same, amendments in IRDAI Act, 1999, LICI Act, 1956 and Insurance Act, 1938 opened the doors for significant foreign capital and participation from global insurance giants, which clearly would boost not just competition but also operational efficiency. Currently, out of the world's top 25 insurers, almost 20 companies have not set up shops in India. The new regime is expected to encourage them to set foot in India and also existing joint ventures may also see restructuring, with foreign partners choosing to buy out Indian partner's stake and set up 100% owned and controlled subsidiary companies in India. Also, India could march towards an ecosystem with almost 1,000 insurance entities in the coming decade, signaling massive expansion, innovative products and services and thereby greater choice for the consumers. 100% foreign ownership is also likely to bring global expertise in underwriting, digital claims processing, scale in distribution and advanced risk assessment, thereby strengthening efficiency, innovation, and customer experience.
2. **Composite Licences:** The amendments allow insurance entities to offer a mix of life, health, and general insurance under a single license thereby simplifying operations. This replaces the current rigid structure of the Insurance Act, 1938, which limits insurers to their designated segments. By breaking this compartmentalization, composite licenses would enable insurers to offer bundled, holistic products under a single umbrella by combining life insurance, general insurance and health coverage.
3. **Lower Capital Norms:** The amendments lower the net owned funds requirement for foreign reinsurers from Rs. 50 billion to Rs. 5 billion which is expected to attract new-age

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and smaller MNC reinsurers to India. The amendments also reduce minimum capital requirements to make market entry easier. This inclusion-focused reform aims to attract specialized and regional players, especially those targeting rural, informal, and underserved markets. The amendments also allow large corporations to establish captive insurance entities, thereby enabling them to underwrite their own risks and manage claims more efficiently. This strengthens self-insurance capabilities, offers greater control over risk exposure and fosters a more diverse and innovation-friendly insurance ecosystem.

4. **Agent Freedom:** The amendments enable individual agents to sell products from multiple insurers, thereby giving agents greater freedom and giving consumers increased choice. The amendments allow them to apply for a one-time, permanent registration instead of the current three-year term which has to be renewed again. It also permits individual agents to sell products from multiple insurers which removes the current restriction whereby they are allowed to only sell products / services of only one general insurer and only one life insurer. This reform is expected to expand distribution, boost competition, and give customers more choice.

All of the above reforms are expected to boost transparency but there is no known study on the impact of these reforms in public domain, partly because the amendments have just been enacted. So, this study fills this research gap, being the first known study to research this topic.

Earlier research on previous insurance reforms has mainly concentrated on regulatory compliance as well as industry performance but usually overlooked the diverse stakeholders' perceptions such as insurance policyholders, agents and employees and managers. To understand whether reforms are implemented effectively, recognized and translate into (perceived) transparency (PT) is vital for examining their success. Measurable indices construction is equally important like transparency index, which may serve as an important tool to monitor for policymakers and researchers alike. This study is an attempt at filling these research gaps.

Section 5: Objectives of the Study and Hypothesis Development

Objectives

The objectives of this paper are as under:

1. To assess stakeholders' awareness of recent regulatory reforms (AOR) in the insurance sector.
2. To measure the relationship between implementation/enforcement (I/E) of regulatory reforms and perceived transparency levels (PT) in insurer operations.
3. To evaluate and construct a Transparency Index (PT) and validate its predictive relationship with measures of regulatory reform.

Hypothesis Development

Considering the explanations in the previous sections, the null hypothesis being tested are as under:

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- $H0_1$: Stakeholders' awareness of regulatory reforms (AOR) is positively associated with perceived transparency (PT).
- $H0_2$: Implementation/enforcement (I/E) of reforms significantly predicts perceived transparency (PT).
- $H0_3$: Measures of regulatory reforms significantly indicate variance in the Transparency Index (PT).

Section 6: Research Methodology

Against the aforementioned background, the current research undertakes an empirical assessment of the impact of aforementioned regulatory reforms in insurance sector undertaken in 2025 through Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 and rules thereunder in enhancing transparency in the Indian insurance sector.

The figure 1 below explains the research methodology employed in this paper.

Approach Used	*Quantitative Data, Cross-Sectional Analysis, Empirical Study*
Unit used for Analysis	*Policyholders, Agents (Insurance), and Employees / Managers of Company*
Population Size	*Stakeholders from urban as well as semi-urban Indian regions*
Sample Size of Research	*Total Number of Respondents = 153 (Policyholders = 74; Agents (Insurance) = 45; Employees / Managers of Company = 34)*
Technique for Sampling	*Purposive Sampling (Stratified) with quotas for gender based, type of respondent and kind of insurer*
Instrument Used	*Questionnaire (Structured) on the basis of five-point Likert scale*

Figure 1: Research Methodology (Model Approach)

By utilizing survey data of 153 stakeholders, the research examines awareness of reforms (AOR), the degree of implementation and enforcement (I/E) and their impact on perceived transparency (PT). Many statistical tools and techniques were used to provide a robust measure of transparency outcomes (T/Out). The research also adopted mediation analysis and structural equation modeling to analyze and test the theoretical framework linking it to transparency and ultimately to trust as well as intended behavior.

The figure 2 below show the major research constructs.

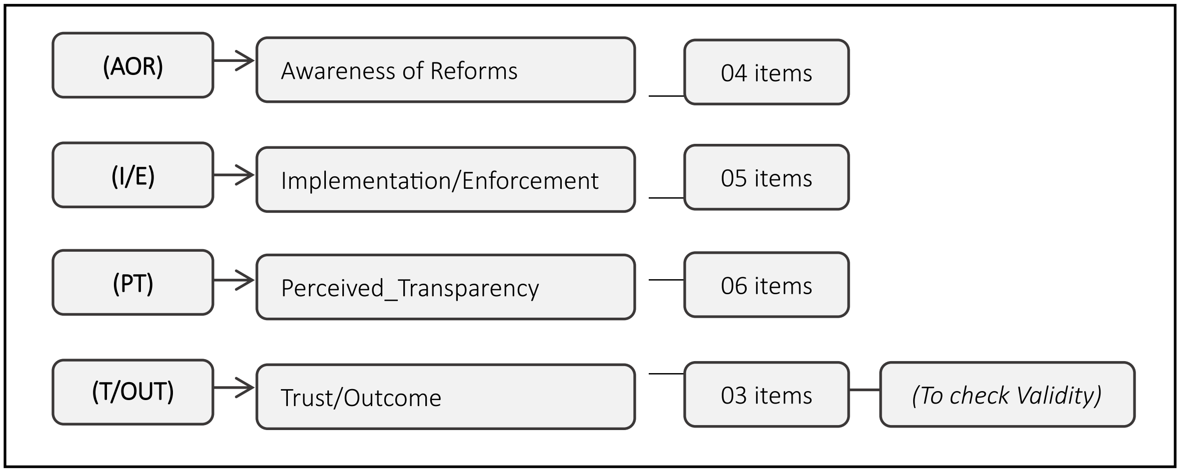

Figure 2: Major Research Constructs

Section 7: Data Interpretation and Results

In this section, I present data and results of statistical and econometric analysis.

Table 1 below shows the demographic profile of respondents.

Table 1: Demographical Profile of Respondents

Demographical Parameters	Categorical Distribution	Frequency Opted	Calculated Percentage
Gender wise	Gender- Male	121	79%
	Gender- Female	32	21%
Type of Respondent	Policyholders	74	48%
	Agents/Brokers	46	30%
	Employees / Managers	33	22%
Educational Level	High School / Diploma	9	6%
	Bachelor's degree	97	63%
	Master's degree and above	47	31%

As per table 1, male respondents (79%) comprise almost four fifths of the total sample size which is representative of the fact that in Indian scenario there exists gender imbalance at work and which holds true for insurance sector too. The analysis also reveals that policyholders comprise almost half of the sample (being 48% of the sample size) while agents and brokers comprise 30% of the sample respondents and employees and managers were the 22% of the sample. However, all samples were big samples and so the analysis is statistically valid and reliable. In educational

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qualification group, which reflects a well-educated group having almost 95% respondents falling in the category of graduates & above. Hence, the demographical statistics shows that the survey is dominated by male, educated (graduates and above), policyholder respondents.
Table 2 below shows the descriptive statistics.

Table 2: Descriptive Analysis/ Statistics

Construct (s)	Mean Values	Standard Deviation Values	Min.	Max.
Awareness of Reforms (AOR)	3.422	0.850	1	5
Implementation/Enforcement (I/E)	3.801	0.722	1	5
Perceived_Transparency (PT)	3.650	0.780	1	5
Trust/Outcome (T/OUT)	3.580	0.821	1	5

Table 2 shows that all four constructs have high mean scores which generally indicates respondents' positive perception. The construct Implementation/Enforcement has the highest mean score (Mean=3.801) whereas the values of standard deviation are moderate, which indicates that there is reasonable consistency in responses. The minimum and maximum range for all of the above were 1 to 5 which shows satisfactory variability among constructs and overall, all values are also indicative of the fact that the data is appropriate for further analysis.
Table 3 below shows the results of reliability analysis.

Table 3: Reliability Test/Analysis

Construct (s)	Number of Items	Cronbach's Value (α)	C.R
Awareness of Reforms (AOR)	4	0.823	0.850
Implementation/Enforcement (I/E)	5	0.880	0.901
Perceived_Transparency (PT)	6	0.911	0.922
Trust/Outcome (T/OUT)	3	0.790	0.811

Interpretation: $\alpha > 0.7$ and C.R > 0.8 confirm strong internal consistency.

The acceptable threshold limit is 0.70 and Cronbach's alpha values (ranging in between 0.790 to 0.911 for different constructs) exceed this limit implying there is strong consistency among all constructs. Table shows that Perceived_Transparency (PT) is the most highly reliable construct ($\alpha = 0.911$), Similarly, C.R. values are also above 0.80 and this further demonstrates that the constructs are reliable. Thus, table 3 shows that measurement scales used in this research are quite reliable as well as amenable for further statistical analysis.
Table 4 below shows the EFA loadings of factors

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Table 4: EFA Loadings of Factor (Major Items Taken)

Item (s)	Factor_1 (I/E)	Factor_2 (PT)	Factor_3 (AOR)
I/E1	0.780	0.121	0.101
I/E2	0.750	0.150	0.082
PT1	0.101	0.822	0.050
PT2	0.050	0.850	0.021
AOR1	0.102	0.050	0.880

The factor loadings point to a discrete and distinct factor structure where each item reveals a strong association with its sampled construct. I/E items display a robust loading on Factor 1, whereas Factor 2 (PT items) as well as Factor 3 (AOR items) all exceed the usually acceptable threshold limit of 0.70. The nominal cross-loadings on other parameters indicate solid discriminant validity. The results of the table 4 support that the items precisely represent their respective constructs and also point to the validity of constructs.
Table 5 below shows the Confirmatory Factor Analysis Fit Indices.

Table 5: Confirmatory Factor Analysis (CFA) Fit Indices

Fit Index	Recommended Scoring	Obtained Values	Result/Outcomes
χ^2/df	< 3	2.101	Acceptable Value
CF Index	> 0.901	0.940	Good Fit
PT Index	> 0.901	0.931	Good Fit
RMSEA	< 0.081	0.052	Good Fit
SRMR	< 0.081	0.045	Good Fit

The χ^2/df value (2.101) falls within the recommended value of 3 which signifies a good model fit. The model fit indices validate a suitable overall fit of the measurement model which is clear from the fact that in table 5, values of PTI (0.931) and CFI (0.940) are higher than the recommended values. Moreover, SRMR (0.045) & RMSEA (0.052) are below the cut-off values further reiterating the point that model demonstrates goodness-of-fit.
Table 6 below shows the Transparency Index via Principal Component Analysis.

Table 6: Transparency Index (PT) via PCA

Component (s)	Eigenvalues	Variances Explained (%)	Cumulative Values (%)
1	3.724	62.03	62.03

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2	0.880	14.60	76.63
Components Loading: Items of PT all > 0.78. *Component 1 is basically utilized as Transparency Index (PT).*			

The Principal Component Analysis in table 6 shows that eigenvalue for Component 1 is 3.724 and 62.03% of the variance is explained which indicates a strong underlying factor. The cumulative variance is 76.63% which indicates that the extracted components appropriately describe the data's structure. Besides this, all items of Perceived_Transparency (PT) in the table show strong loadings which exceeds 0.78 on Component 1, thus confirming their internal consistency.
Table 7 below shows the Correlation Matrix.

Table 7: Correlation Matrix

Variable	AOR	I/E	PT	T/OUT
AOR	1	0.450**	0.401**	0.350**
I/E	-	1	0.480**	0.522**
PT	-	-	1	0.660**
T/OUT	-	-	-	1

The correlation matrix in table 7 discloses moderate positive relationships across all the constructs, as represented by the coefficients' marked as **. Perceived_Transparency (PT) displays the utmost robust correlation with the variable T/Outcome (0.660), thereby emphasizing its vital role in nurturing trust. Besides this, (I/E) demonstrates a robust correlation with both PT (0.480) & T/Outcome (0.522). Therefore, the research findings suggest that awareness, resourceful implementation and transparency are closely connected and in combination, they enhance trust and outcomes.
Table 8 below shows the results of Regression Analysis.

Table 8: Regression Analysis Results (Predictors of Transparency Index (PT))

Predictor (s)	B	SE	β	t	p
Constant (s)	0.202	0.100	—	2.001	0.0460
Awareness of Reforms (AOR)	0.121	0.050	0.142	2.402	0.0170*
Implementation/Enforcement (I/E)	0.450	0.060	0.501	7.501	<0.001**
Regression Model: $R^2 = 0.460$, $F(2,297) = 84.50$, $p < 0.001$					

The regression analysis in table 8 shows the results are statistically significant as both the predictor variables demonstrate a positive as well as significant effect; with I/E showing ($\beta = 0.501$, $p < 0.001$) and AOR showing ($\beta = 0.142$, $p = 0.017$). Further, ($R^2 = 0.460$) shows that 46% of the variance is explained. Thus, the results of the study imply that effective implementation is a highly significant variable (1% level) and even awareness of reforms is significant at 5% level (though not at 1% level).

Table 9 below shows the results of Analysis of Variance.

Table 9: ANOVA Results (Transparency based on Respondent Type)

Source	**SS**	**df**	**MS**	**F**	**p**
Between the Groups	15.23	2	7.603	12.41	<0.001
Within the Groups	180.42	297	0.612	—	—
Total	195.60	299	—	—	—
After the fact: Company Managers > Insurance Agents > Policyholders					

The Analysis of Variance findings in table 9 indicated a statistically significant disparity between the groups where ($F = 12.41$, $p < 0.001$) suggests that perceptions usually differ across the sampled respondent categories. The variance observed among the groups is considerably higher than that of within the groups, which validates the presence of significant group differences. The analysis shows that mean scores of employees and managers is higher than that of insurance agents, which in turn is higher than that of policyholders. Thus, results suggest that an individual's role in organization affects their perceptions along with assessments of the investigated factors.

Table 10 below shows the results of mediation analysis.

Table 10: Mediation (Awareness mediating I/E → PT)

Paths	**Mediation Effect**	**SE**	**Z**	**95% CI**	**Result/Outcomes**
I/E → AOR	0.421	0.050	8.401	[0.33, 0.51]	Reliable and Significant
AOR → PT	0.180	0.060	3.002	[0.07, 0.20]	Reliable and Significant
I/E → PT (direct)	0.412	0.070	5.860	[0.27, 0.56]	Reliable and Significant
Indirect	0.0760	0.030	2.531	[0.03, 0.12]	Partial Mediation Achieved

Mediation analysis in table 10 discloses a substantial impact of (I/E) on (AOR), which subsequently has a significant impact on (PT). The direct effect of I/E on PT persists strongly and significantly and further the indirect effects via AOR is also significant which thus validates the mediation hypothesis. Therefore, the findings indicate partial mediation as shown in the table and one may infer that awareness partially explains the mechanism by which effective implementation improves PT.

Table 11 below shows the results of Structural Equation Modelling.

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Table 11: Structural Model (Based on SEM)

Paths	Standardized Values β	P_value	Result/Outcomes
I/E → PT	0.521	<0.001	Fully Supported
AOR → PT	0.212	0.0040	Fully Supported
PT → T/OUT	0.601	<0.001	Fully Supported
Model Fit Value: χ²/df = 2.250, CFI = 0.95, RMSEA = 0.057			

I/E (β = 0.521) and AOR (β = 0.212) noticeably exert significant positive influences on PT, thus providing full support for establishing hypothesized relationships as it is evidenced by the path analysis outcomes. On the other hand, PT has a strong influence on T/Outcome i.e., (β = 0.601), therefore emphasizing its pivotal role in shaping outcomes as shown in table 11. All the pathways are statistically significant at ($p < 0.01$) which shows the existence of robust causal connections among the constructs in the study. Furthermore, the model fit indices ($\chi^2/df = 2.250$) and (CFI = 0.95, RMSEA = 0.057) show a satisfactory overall model fit, hence validating the structural model. Table 12 below shows the results of testing of hypothesis.

Table 12: Results of Testing of Hypothesis

Hypothesis Framework	Statements	Statistical Test(s) Opted	Results/Outcomes	Whether Null Hypothesis supported?
$H0_1$	Stakeholders' awareness of regulatory reforms (AOR) is positively associated with perceived transparency (PT).	Correlation Analysis and Regression Analysis	AOR → PT: β = 0.14, p = 0.017; Correlation Result r = 0.40, p < 0.01	Yes (Failed to reject)
$H0_2$	Implementation/enforcement (I/E) of reforms significantly predicts perceived transparency (PT).	Regression Analysis and Structural Equation Modeling (SEM)	I/E → PT: β = 0.50, p < 0.001 (Regression Result); SEM β = 0.52, p < 0.001	Yes (Failed to reject)

$H0_3$	Measures of regulatory reforms significantly indicate variance in the Transparency Index (PT).	Regression Analysis (R^2) and Model Fit (SEM)	Regression Result: $R^2 = 0.46$, $F(3,296) = 84.5$, $p < 0.001$; SEM Result: Good fit indices (CFI=0.95, RMSEA=0.056)	Yes (Failed to reject)

Section 8: Findings of the study

The key findings of the study are already shown in various tables above but they are summarized hereunder.

The implementation and enforcement of reforms is the most significant driver of perceived transparency ($\beta = 0.50$, $p < 0.001$). The results were significant at 1% level. This implies that actual enforcement, such as transparent public disclosures, immediate complaint resolution and pricing transparency, holds more weight compared to other measures.

Yet another finding of the study is that when individuals are proactively aware of the reforms, it renders it more likely that things are perceived as transparent ($\beta = 0.14$, $p = 0.017$). The results were significant at 5% level (though not at 1% level as in the previous case). Thus, interest groups who are conscious of regulatory developments are inclined more to view insurers as transparent. However, awareness per se is insufficient without proper implementation / enforcement of reforms. An important finding in this regard is that awareness partially mediates the link between implementation and transparency.

Even though the following was not hypothesized, yet data and results showed that employees and managers of insurance companies recognize reforms as more successful in improving transparency than agents as well as policyholders as is clear from the ANOVA table results and moderation results. This shows that there is a disparity in perception among the three types of respondents and a potential explanation for this result could be that because employees and managers are better aware of internal compliance mechanisms.

The study also comes up with a Transparency Index and in this regard, the PCA-based Transparency Index reflects greater variance ($R^2 = 0.46$) compared to a fundamental average score ($R^2 = 0.42$). The reliability is also better ($\alpha = 0.91$ vs. 0.89). This implies that the Transparency Index is an excellent instrument for monitoring and this has important implications for policymakers and regulators. The structural equation modelling results show that both awareness as well as implementation are good indicators of transparency which, in turn, is a good indicator of outcome behaviors (such as trust). In this connection, the path: IMP → TI (0.52) and AWR → TI (0.21) → OUT (0.60) reveals that being transparent not only improves consumers' perception but it also generates trust and loyalty. In this connection, if insurance companies do promotions to raise awareness and companies as well as regulators enforce the laws strictly, then it improves transparency too. A recommendation in this regard is that, if an annually updated Transparency

Index is made, it is likely to make insurers more responsible as well be a good practice in the industry.

Section 9: Conclusion and areas for future research

The present study was designed to empirically evaluate the impact of regulatory reforms within the insurance sector undertaken in 2025 through the Sabka Bima Sabki Rakhsa (Insurance Amendment Act), 2025 and rules framed thereunder, specially emphasizing on awareness of reforms, enforcement and implementation and their influence on perceived transparency (PT). Past research has shown that reforms have significantly assisted in making regulations transparent, even though the level of efficacy varies widely from one country to another and one legal system to another. Participants were broadly well aware of the reforms and this is mainly because they were within the insurance sector which indicates that research findings are reliable because the samples pertain to the demographics that the study was designed to target. Implementation, on the contrary, is not uniform across all insurers. The study has important implications for insurers as well as regulators alike.

Establishing of the Transparency Index revealed new information on how innovations lead to demonstrable results. The index showed that respondents think changes on disclosure requirements, complaint redressal as well as consumer protection are among the most successful. On the contrary, respondents believe reforms about solvency as well pricing transparency need to be executed more strongly. Advanced tools, such as mediation analysis and SEM, revealed that implementation and enforcement serve as significant mediators which render the connection between modifications and perceived transparency more prominent. Transparency was found to have beneficial impacts on trust, confidence and willingness to use insurance services. These results indicate that it has bigger effects on the development of the industry and consumer loyalty. Results indicate that lawmakers are required to make sure that improvements perform as effectively as they can by making enforcement more robust, generating awareness and scheduling periodically transparency audits. Conclusions show the significance it is for insurance providers to make confident the internal procedures follow disclosure guidelines and encourage transparency.

However, the research is not without its set of limitations. The first limitation is that cross-sectional design abandons authoritative causal assertions. Yet another possibility is the fact that inspite of minimum quotas and sample size adopted for female respondents and for employees / managers of companies (in both cases sample size is still large and results are generalizable), yet their proportion was relatively smaller, which is reflective of the gender imbalance at work in India too in some ways. There is also dependence on perception-based evaluations in this study so future research on the subject may investigate the topic based on other transparency indicators.

The impact of these regulatory reforms can also be studied in multiple ways, including as short term impact as also the longer-term impact. In this study, the reforms have been studied as one composite entity but future research can certainly study the impact of individual components

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of reforms. For example, the impact of 100% FDI in insurance sector is in itself a major area of future research. It remains to be seen how much it transforms the insurance sector in India, particularly with access to capital and latest technology. The big insurance giants of North America and Europe as also other countries are expected to invest billions of dollars and bring latest technologies now that they are allowed to have 100% control on the companies. It will promote and intensify competition and bring in best practices too. So, all these impacts of 100% FDI in Indian insurance sector can be studied in short term, medium term and long term. The 100% FDI aspect is just one aspect of reforms and there are so many other areas of reforms that have been undertaken in 2025 and studying their impacts is important for policymakers and regulators too as they can course correct, if needed, in case the impacts are not in line with expectations. To conclude, the reforms undertaken in 2025 in insurance sector in India are truly transformative in nature and future studies can look at its impact and different aspects in greater details.

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