

IMPACT OF DIGITAL TRANSFORMATION TO VIETNAM INSURANCE ENTERPRISES

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Abstract:

Digital transformation is being considered an inevitable trend in all fields and industries. Faced with the impact of the Fourth Industrial Revolution, Vietnamese businesses face many opportunities and many challenges. Therefore, digital transformation is an inevitable and objective requirement and trend for the business community to stand firm and develop. Digital transformation is one of the top goals that businesses are interested in in the 4.0 industrial era because it creates major changes in the commodity value chain and product supply; Automation improves work efficiency, production and business efficiency, competitiveness, strongly increases production value and service quality. Vietnam is in the process of building and promoting the implementation of a national digital transformation strategy to guide digital socio-economic development. On that basis, build digital transformation strategies in each industry, each field, each business,... contributing to promoting industrialization and restructuring the economy. Especially for insurance businesses, digital transformation will help solve problems of agent training and management, customer care, operational risk management... In this article, the team of The author deeply analyzes achievements and challenges, thereby proposing solutions to enhance digital transformation for Vietnamese insurance businesses.

KEYWORDS: digital transformation, insurers, customers

1. Introduction

Vietnam's insurance market is considered one of the medium and long-term capital channels for the economy. Investment activities of insurance businesses ensure safety, efficiency and liquidity, with a diverse portfolio of investment structures...

Recently, insurance businesses have had to accelerate their access to technology to increase transparency and increase benefits for customers. In particular, digital transformation is an effective way to help insurance businesses keep up with changes in consumer needs and expectations. The diversity of new technologies leads to innovative business models, new applications, processes or products that dramatically transform insurance business activities, helping to create an insurance value chain; improve insurance products; improving distribution channels... For Vietnamese insurance businesses, in the current period, digital transformation is a mandatory and urgent need.

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Based on understanding the digital transformation situation of insurance businesses in recent times, the authors propose a number of solutions to remove difficulties and obstacles for those businesses.

2. Theoretical basis for digital transformation

Digital transformation is changing the way of working and production through the integration of digital technologies into the operations of each unit and enterprise to change the way of operation, business model and bring new benefits. Higher efficiency, newer values. Digital transformation is also a change in the culture of a unit or business, requiring continuous updating of new and modern things and accepting failure alongside the successes brought by innovation.

Digital transformation in businesses can be understood as the process of changing old, traditional models into digital businesses, based on new technology applications, such as: Big data, IoT, cloud computing,... to change operating methods, working processes and labor culture in businesses. The goals that digital transformation businesses often aim for include: Increasing market speed, increasing competitive position, promoting revenue growth, increasing labor productivity, expanding the ability to attract and retain customers. row.

3. Research methods

The article uses qualitative research methods including two basic methods: data collection, synthesis and analysis and evaluation. Based on the synthesis of data related to the implementation of digital transformation with Vietnamese insurance enterprises, the article analyzes the main contents to highlight some existing problems in implementing digital transformation. of Vietnamese insurance businesses today, thereby proposing some solutions to enhance the implementation of digital transformation of those businesses in the coming time.

4. Current status of digital transformation for Vietnamese insurance businesses

4.1. Some achievements have been achieved in the digital transformation of Vietnamese insurance businesses

Recently, Vietnamese insurance businesses have achieved some initial successes in digital transformation.

- High growth rate

According to the most recent updated reports of the Insurance Supervision Administration, despite the negative impact of the Covid-19 epidemic, the domestic insurance market is still growing steadily. Total insurance premium revenue for the whole year 2023 reached about 215,000 billion VND, up 24.98% over the same period in 2020, of which, non-life insurance premium revenue reached about 47,245 billion VND, up 2.26% over the same period in 2022, and life insurance premium revenue reached about 123,600 billion VND, an increase of 21.8% compared to the same period in 2022.

In the past 5 years, the insurance market has achieved a high growth rate, from 25 - 30%. Specifically, in 2023, the total revenue of the life insurance market is estimated to reach 129,120 billion VND, of which insurance premium revenue is estimated to reach 107,793 billion VND, an increase of 25% compared to 2022. Along with that, insurance products Insurance is diversified with more than 450 products in all lines of business, meeting the insurance needs of more than 9.8 million insurance participants.

- Improve work efficiency

Some insurance businesses, when successfully digitally transforming, have reduced personnel in the service care sector by 70%, but labor productivity increased by more than 30%... Specifically:

Currently, many insurance industry activities are optimized for speed thanks to the support of AI and technologies related to machine learning and predictive analysis that help insurance businesses analyze the market, design Design products to suit customer needs. At the same time, big data systems help insurance businesses clearly understand risks, significantly improving the ability to determine prices closely; chatbox, online app, mobile, social platform... thereby increasing the ability to interact with customers, easily receive insurance payment settlement and management on digital platforms.

Claims and policy issues can be made and handled quickly with just one application. Digital transformation also increases service speed when customers can chat directly with insurance staff through digital software or virtual assistants.

In addition, digital transformation in insurance is also helping to personalize insurance businesses' marketing efforts. The development of technology allows insurance companies to analyze user activities and data, thereby adjusting and providing appropriate target customer lists and selecting media to reach those audiences. there.

- Implement synchronous customer care services

Some insurance businesses have digitized their operations on an operational basis, using their own websites and website/app applications for business processes; diversifying online insurance product exploitation processes, online insurance claim settlement processes, and digital customer care services. At the same time, Vietnamese insurance businesses have developed and provided digital applications to support insurance agents at branch levels; Cooperating with third parties to sell insurance products (digital banks, electronic trading floors, technology companies)... That has initially formed a closed digital ecosystem to serve customers and consumers. people and ensure similarities with countries around the world.

- Actively personalize insurance products based on data about health and habits.

Some insurance businesses have applied technology to improve management quality, digitize business processes, move towards paperless transactions, improve service quality, and increase

interaction with customers. Technology also brings new distribution channels and insurance models to increase transparency and increase benefits for customers.

- Bring satisfaction to customers with friendly applications and convenient transactions

Along with daily innovation efforts, Vietnamese insurance businesses have increasingly approached the needs and desires of customers through technological utilities and strategic cooperation and partnerships. In addition, modern technology applied in all activities and fields of insurance business will also create maximum conditions for customers to participate in insurance. Specifically, customers can easily participate in insurance programs that suit their needs on diverse channels such as directly, online or via e-wallets, banks...

Digital insurance products develop and close the cycle from purchasing, monitoring and managing insurance to be done quickly, flexibly and safely, bringing a new experience to customers. Specifically: digital transformation gives customers instant feedback and helps insurance employees complete their work more efficiently. Thanks to AI technology and machine learning, customers can pay bills, view policies, submit claims via the app, and insurance agents can receive and process all that information in one system. From there, we can enhance a seamless, personalized experience for customers through simplifying the process, speeding up request processing and benefit payment. Specifically: customers have a seamless and quick experience from application submission to payment. With just 5-6 simple steps, 3-5 minutes of operation on an internet-connected device, users can complete a claim settlement request on PRUOnline or Zalo. In addition to the request sending feature, the applications also allow customers to submit and add relevant documents and track the processing progress of their requests.

4.2. Some challenges in digital transformation for Vietnamese insurance businesses

- On the State side: has not created a suitable legal corridor for the digital transformation process of insurance businesses

The Law on Insurance Business has been amended twice in 2010 and 2019, however, it is no longer consistent with the actual development of the insurance business, and even reveals some limitations. , inadequacy, lack of unity, requiring amendment. According to the Ministry of Finance, currently some regulations of the current Law on Insurance Business are no longer consistent and synchronized with the newly amended and supplemented regulations in the Civil Code (because the Civil Code no longer exists), chapter regulating insurance contracts).

Along with that, the current Insurance Business Law stipulates principles for most policies in insurance business activities, so sometimes there is a lack of basis or there are certain difficulties when reality arises such as: Authority and process for handling insurance enterprises facing financial difficulties. Policies for insurance enterprises stipulated in the Law on Insurance Business have not kept pace with international practices such as regulations on preventing insurance fraud, money laundering, and terrorist financing.

- On the part of insurance businesses

Although the insurance industry has applied digital technology to improve management, operations, and digitize business processes... however, the results achieved are still not as desired and expected. Detail:

+ Revenue through online insurance channels is still low, financial potential to invest in technology as well as the level of connection to the digital ecosystem of insurance businesses is still limited. The cause of these inadequacies is that insurance businesses still have difficulty digitizing their products and their financial potential for technology investment is not high; Human resources specialized in technology are still thin and weak; There are no specific regulations to support the implementation of digital transformation tasks.

+ The ability to apply digital transformation is still limited.

90% of insurance businesses surveyed said they are facing many difficulties in building technology infrastructure to support the digitalization process. Outdated business platforms for many years combined with the complexity of information technology systems are major barriers to development.

+ Some insurance businesses have applied digital technology to improve administration, operations, and digitize business processes, but the results have not been high.

In the highly competitive insurance environment, increasing efficiency and streamlining operations is a huge pressure. Many insurance businesses are operating under manual processes that involve repetitive tasks, such as checking the progress of customer claims and reporting missing information.

Additionally, some insurance businesses have automated processes for some communication channels such as paper documents and emails, but texts and especially social media are still largely manual or individual. On the other hand, the distribution channel has developed widely but there are no connection measures, so it cannot penetrate the market.

+ Human resources have not met the increasing expectations of customers.

The increasing expectations of customers are also a challenge for insurance agents to meet customer expectations. Therefore, insurance businesses need a more appropriate method to convert employee knowledge and streamline work processes.

5. Solutions to improve the digital transformation process for Vietnamese insurance businesses

5.1. On the State side

The State needs to promulgate and adjust policies and legal frameworks in an open and appropriate manner, while investing in building a centralized database and simplifying procedures for approving insurance products.

In addition, the State needs to soon amend the Law on Insurance Business with many contents to support digital transformation businesses such as: clearly defining principles for selling insurance online to ensure transparency, fairness, and confidentiality of customer information row; Maximize the simplification of procedures for approval and registration of insurance products and services.

In addition, the State needs to give businesses more proactive rights in business activities; In particular, regulatory agencies will not intervene too deeply technically in the operations of insurance companies as before. Instead, State management agencies will prioritize supervision and management, promoting transparency and healthy development of the insurance market; At the same time, it is necessary to introduce a capital adequacy ratio along with stricter requirements on information disclosure to help insurance businesses shorten the time to bring products to market; Form a mechanism to connect data with other industries to support insurance businesses in forming a diverse ecosystem of products and services.

5.2. On the side of insurance businesses

- Optimize the insurance buying process on many digital platforms

Entering the technological era, people's need to access information and exchange everywhere increases. To meet this, insurance businesses need to deploy a process that allows users to carry out all procedures through platforms such as applications, websites... Insurance contracts should also be simplified to transfer. Change numbers more flexibly and automatically. In addition, insurance businesses need to determine the level of impact of digital technology on each stage of the customer's decision-making process. At the same time, use digital tools to get a better picture of customer interactions with insurers and thereby find ways to improve service quality.

- Digitize business processes

Insurance businesses need to actively apply digital transformation in their business fields to help insurance products become more diverse and optimize business processes to meet the insurance needs of all organizations, personal, creating maximum conditions and bringing many benefits to customers when participating in insurance while helping insurance businesses create a chain of insurance values such as synchronizing stages: product design, marketing, actuarial and insurance risk assessment, and after-sales services.

- Provide new insurance distribution channels

To perform digital transformation well, insurance businesses need to strengthen new insurance distribution channels (electronic trading floors, comparison websites, digital brokers...) to meet diverse needs. of cutomer.

- Provide groups of digital insurance products to the market

Digital insurance products (InsurTech) such as:

+ Digital product group for individuals: travel insurance (Travel Easy), electronic device insurance (Gadget Easy), flight delay insurance (Flight Easy);

+ Digital product group for businesses: cargo insurance (E-cargo Policy), data insurance and cyber security (Cyber Liability), guarantee insurance (Surety Bond)...

These are self-contained digital insurance products from which the cycle of purchasing, monitoring, and managing insurance is done quickly, flexibly, safely, and brings a new experience to customers and partners. Accordingly, customers are completely proactive in purchasing, registering, managing and tracking their insurance orders through online software. If insurance businesses provide these new products, they will contribute to building a closed, safe and secure digital ecosystem to bring convenience to customers and the market.

- Be customer-centric

Insurance businesses need to apply digital technology solutions across the entire system such as: sales, administration, care, application issuance to insurance benefit settlement processes, etc. Accordingly, it will allow users to maximize benefits when querying detailed information, registering to participate and receiving insurance benefits easily through online operations. Along with that, the application of AI and Chatbot in insurance product introduction and consulting activities will help insurance businesses improve customer experience.

- Training high quality human resources

Insurance businesses need to focus on training human resources to approach the digital transformation process to effectively deploy, support, and advise customers.

6. Conclusion.

The application of digital transformation in the insurance sector will help insurance products become increasingly diverse, meeting the insurance needs of all organizations and individuals, creating maximum conditions and bringing many benefits to customers. customers when participating in insurance. In addition, the digital transformation process also helps insurance businesses reduce procedures, paperwork, and time to switch to electronic contracts while helping create an insurance value chain; improve insurance products; improving distribution channels... Therefore, in the coming time, insurance businesses need to apply appropriate measures to enhance digital transformation.

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