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Improve the Quality-of-Life Insurance Agent Management during the 4.0 Industrial Revolution

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Abstract

The 4.0 industrial revolution has a huge impact on the entire socio-economic life, from the global scale to the regional and national level. Life insurance businesses are no exception, especially insurance agency systems. Within the scope of this article, the author have provided a preliminary overview of insurance agency activities and the current agency management situation of Vietnamese life insurance

enterprises; Mention the advantages and difficulties that the 4.0 revolution brings to the life insurance agency team, thereby providing solutions to improve the quality of insurance agency management such as building management software, training and equipping knowledge for insurance agents to improve the competitiveness and market share of life insurance businesses in the market.

Keywords: Insurance Agents, Life Insurance, Industrial Revolution 4.0

1. Introduction

Life insurance plays an important role in stabilizing Vietnam's economic system, and it provides security for individuals and their families. However, the number of people participating in life insurance is very modest, estimated at less than 10%. Meanwhile, in developed countries such as the US, UK, and Japan, the rate of people participating in life insurance is up to more than 90%. In Southeast Asian countries, the proportion of the population participating in insurance is also quite high, for example in Singapore this proportion is up to 80%, and in Malaysia it is 50% [2]. Therefore, to reach customers and carry out insurance contract signing activities to increase the number of people participating in life insurance, insurance businesses always try to build and perfect the distribution system in the future. Unit. Many forms of distribution are deployed by insurance businesses, in which the role of insurance agents is always given special importance by businesses. Insurance agents are one of the distribution channels authorized by insurance businesses to sell insurance products to people.

In recent years, insurance businesses have continuously recruited new insurance agents to keep up with the development of the life insurance market. However, the management and supervision of insurance agents of Vietnamese life insurance enterprises has not been focused, especially in the context of the 4.0 industrial revolution, leading to exploitation efficiency from this distribution channel below expectations. The number of agents fluctuated greatly during the year, and training was carried out in a short period of time, leading to many agents making mistakes during operations.

The article uses secondary sources of documents from different agencies and organizations, focusing mainly on: (1) Reporting and data system of the insurance management and supervision department; (2) Website and other reference documents related to life insurance agents. In addition, the article uses traditional analytical and statistical research methods to clarify the situation of life insurance agency management, as well as the impact of the 4.0 industrial revolution on insurance agents. Life insurance, thereby providing necessary solutions to improve the quality of insurance agency management of life insurance businesses in the current period.

2. Overview of insurance agents and the impact of the 4.0 revolution on insurance agents

2.1 Overview of insurance agents

According to Article 124 of the Law on Insurance Business 2022, an insurance agent is an organization or individual authorized by an insurance enterprise, branch of a foreign non-life insurance enterprise, or mutual organization to provide micro insurance on the basis of insurance agency contracts to carry out insurance agency activities [4]. Thus, an insurance agent is an intermediary contracted by an insurance company to sell the business's insurance products to buyers. Insurance

agents represent insurance businesses to approach potential customers to introduce, present, answer, and persuade customers to buy insurance products that meet their needs for protection against risks in life and production and business. Insurance agents can be organizations or individuals and receive commissions paid by insurance businesses related to insurance services performed through the agent. Insurance agents can carry out all or some of the agency activities such as introducing and selling products, arranging the conclusion of insurance contracts, collecting insurance premiums, and arranging compensation settlement and other activities such as assisting in answering questions related to insurance contracts, assessing losses...

According to Article 125 of the Law on Insurance Business 2022, individuals and organizations who want to become insurance agents must meet the following conditions^[4]:

- Individuals operating as insurance agents must meet the following conditions: (1) Be a Vietnamese citizen permanently residing in Vietnam; (2) Have full civil capacity; (3) Have an appropriate insurance agent certificate as prescribed in Article 130 of the Law on Insurance Business 2022.
- Organizations operating insurance agencies must meet the following conditions: (1) Be legally established and operate in Vietnam; (2) Registered insurance agency business lines according to the provisions of the Enterprise Law. For organizations operating in conditional business lines, a license, certificate, certificate or other written confirmation or approval (if any) from a competent authority with the content of the operation is required. insurance agent; (3) Have employees directly performing insurance agency activities that meet the conditions specified in Clause 1, Article 125 of the Law on Insurance Business 2022; (4) Personnel conditions and other conditions according to Government regulations.

2.2 The impact of the 4.0 industrial revolution on life insurance agents

The 4th Industrial Revolution is affecting many industries, including insurance. Industry 4.0 will affect every aspect of the Insurance industry, because every stage of an insurance product and service cycle (or insurance value chain) is greatly influenced by digital technology. In Vietnam, currently about 63,1% of the population uses smartphones, so it is very common for customers to learn and research life insurance products online, so it is important to speed up the process of transferring information to customers for the insurance industry is an inevitable need. Many technology applications have been deployed by the insurance industry such as: Bao Viet Insurance with BaovietPay application (Insurance - Investment - Finance - Banking ecosystem on a digital platform), PTI with application myPTI (a well-invested technology system applying digitalization from sales to compensation); PVI with PVI mobile application (mobile phone application); VASS with LIAN application (mobile application to help individuals learn and register for VASS insurance packages); Prudential with PRUonline (an information portal that helps insurance customers manage insurance contracts, submit online requests, and look up information online); Manulife with EasyClaims (system to support customers in completing and submitting insurance claim documents quickly); Generali with Genclaims application (mobile application that helps customers make

requests for insurance benefits anytime, anywhere); FWD with E-Services (application that helps customers proactively manage insurance contracts); AIA with the application of 4.0 technology to the MyAIA application (accordingly, AIA applies AI technology to automatically identify information, change paper contracts to electronic copies, and optimize operating processes); Chubb Life with Online Insurance Policy Information page, customers can check information about Insurance Contracts easily^[5].

Digital technology in the insurance industry is developing every hour and bringing many positive experiences to customer needs. Currently, customers can access insurance products through many different channels such as agents, banks, cooperation with real estate companies, financial supermarkets or online and of course can also buy insurance through any channel, but the traditional distribution channel through agents is still the main distribution channel, contributing about 90% of revenue at insurance enterprises in Vietnam, especially insurance enterprises in Vietnam. Life insurance, which is aimed at individual customers. The application of these technologies brings insurance agents many advantages as well as many difficulties during business operations.

About advantages:

- With artificial intelligence (AI) and Big Data, insurance businesses provide agents with information to optimize products and services for each customer in an optimal time period. When dealers launch products, IoT and social networks support reaching and interacting with customers much faster than before. Digital technology helps prepare insurance premium quotes quickly and directly, with simpler procedures, reducing costs and time. During the stage of risk appraisal and insurance premium calculation, Big Data helps to retrieve customer data conveniently and completely, making appraisal and insurance premium calculation faster. Online tools to help with administration Insurance contracts anywhere, anytime, very convenient for customers. 24/7 services, using AI to answer customer questions; Positioning technology, localization, personalization of customer care...
- Big Data technology also helps prevent insurance agents from profiteering from insurance or preventing adverse selection practices for insurance businesses or customers. Managers can control the collection of insurance premiums from customers through recording online receipts at insurance agents.
- Technology will help strengthen the relationship between insurance agents and customers, technology will act as a catalyst to help insurance agents create new values for customers, especially in the stages of selecting insurance products, signing contracts, paying insurance premiums, declaring loss assessments, settling compensation, interacting with customers...
- The application of information technology also helps insurance agents increase connection sharing in professional activities as well as data interconnection with other insurance businesses, on that basis, create a database system supports industry management quickly, conveniently and consistently, helping the development of insurance businesses.
- With the full exploitation of information technology, the monitoring stage is also focused and promoted

regularly by insurance businesses. The monitoring system is implemented from headquarters to branches and to each agent. The direction is deployed quickly, directly to the branches to help agency managers at the branches and agents receive the fastest and most complete direction.

- Thanks to technology 4.0, insurance businesses are trying to overcome the gap in the ability to exploit insurance contracts of insurance agents between provinces and cities to create balance between regions, creating synchronization and consistency between regions. The distribution density of insurance agents among regions in Vietnam is uneven: Most insurance agents often focus on large cities such as Hanoi, Ho Chi Minh City, Hai Phong... As for the provinces There are very few insurance agents working. This leads to a situation where the level of professionalism among insurance agents is uneven between regions. Because big cities have more work opportunities and people's living standards and income levels are also higher than in the provinces, professional insurance agents often flock to the cities to work. The phenomenon that the productivity of insurance contract exploitation of agents in the province is often very small is due to the main reasons: Due to customers' psychological concerns and distrust of insurance agents, due to the income level of the customers. People are often low-income or if they have high income, customers are afraid of price fluctuations and inflation so they do not want to accumulate money long-term... Leading to a gap in the ability to exploit insurance contracts of insurance agents between provinces and cities are even larger.

About difficulties:

Besides the advantages brought by technology, insurance agents also encounter many difficulties, specifically:

- The Industrial Revolution 4.0 with modern technology applications is also likely to cause the risk of reducing jobs for insurance agents when customers choose more electronic transactions for insurance purchasing needs. The online life insurance platform helps customers experience the product in a friendlier, more familiar way to prove that life insurance is not too complicated to buy. These platforms are new access points built on digital technology, with a user-friendly interface to increase customer convenience: customers can quickly receive quotes and insurance illustrations, compare Many products together right at home and insurance claims can be approved within 24-48 hours without consulting insurance agents. Many customers will withdraw from the traditional insurance market when taking advantage of the effectiveness of risk management services, as well as the development of science and technology in the fields of physics, biology, medicine...
- On the other hand, with the development of science and technology, insurance agents also face the risk of network security, loss of personal databases...

3. Situation of life insurance agency management of insurance enterprises in Vietnam

In Vietnam, the life insurance market currently has 19 businesses, providing more than 500 life insurance and health insurance products. Insurance benefits are also

expanded, in addition to protection benefits, there are also investment and accumulation benefits, ensuring insurance participants can enjoy life with peace of mind and prepare financial plans for the future. In the period 2018-2022, the life insurance market grows at a quite high rate, on average about 21%/year. Despite high and stable growth, the life insurance market size is still small compared to its potential. As of December 31, 2022, total life insurance premium revenue reached 178,326 billion VND, an increase of 11.8% compared to 2021; The total amount of insurance benefit payments is 42,559 billion VND, an increase of 31.2%; Life insurance businesses are an effective capital mobilization channel for the economy with the total amount of investment back into the economy by businesses in 2022 being VND 614,770 billion, an increase of 18.5% compared to 2021 (Table 1).

Table 1: Insurance premium revenue, total insurance payments and total investment back into the economy of life insurance enterprises in 2022

Unit: million VND

Numerical order	Company name	Revenue	Payment of insurance benefits	Invest back into the economy
1	Bao Viet	33.201.784	10.982.513	169.678.275
2	Prudential	31.179.008	9.569.399	145.354.819
3	Manulife	31.479.164	6.924.024	92.566.321
4	AIA	18.611.093	4.112.766	42.730.251
5	Chubb	4.781.876	1.359.958	15.977.133
6	Map Life	633.384	280.803	2.726.136
7	Daiichi	21.855.593	3.849.916	46.416.267
8	Cathay	2.783.566	360.890	23.606.291
9	FWD	6.245.347	590.433	9.319.601
10	Hanwha	4.371.131	775.827	15.151.714
11	FWDA	351.220	171.072	2.304.059
12	Fubon	130.440	28.179	1.599.272
13	Generall	5.102.029	967.460	11.862.059
14	MVI	2.900.388	511.269	10.781.209
15	Sun Life	5.455.807	757.916	8.405.780
16	Phu Hung	910.852	90.769	1.405.660
17	BIDV MetLife	1.777.417	462.648	4.319.801
18	MB Ageas	6.447.883	7.638.350	8.459.461
19	Shinhan Life	108.699,58	2	2.106.655
	Total	178.326.682	42.559.679	614.770.764

Source: Department of Insurance Management and Supervision ^[1]

With 19 life insurance enterprises, the number of life insurance agents in Vietnam has continuously increased over the years and has made important contributions to the development of businesses and the insurance market. According to 2022 statistics ^[1], there are 917,122 active life insurance agents (including individual agents and individual agents affiliated with organizations), accounting for 83.65% of the country's total insurance, of which the bancassurance channel is bringing in large revenues. In 2022, there will be 995,400 life insurance contracts distributed through the bancassurance channel, accounting for 46% of new business sales. Accumulated by the end of 2022, there will be more than 2.92 million life insurance contracts sold in this form, with a total fee of 44,959 billion VND, accounting for about 25% of total sales. The rapid growth of the bancassurance channel in recent times has revealed certain limitations. Many people said that banks forced them to buy insurance when they came to borrow money; many people even

reported being "tricked" from saving savings to buying life insurance... In 2022, there were more than 3,100 agents on the list of violations of 14 acts. In addition to violations such as acting as agents for many companies at the same time or related to finance, there are cases where agents propagate and falsely advertise products and services... In the past 3 years, the number of violations has increased. Increased to more than 9,000 cases^[3]. This is just a statistical number, in reality this number could be much larger. There are many reasons leading to this situation, of which the biggest reason belongs to the management of insurance businesses. The management and supervision processes of enterprises are still loose and have many unclear points. The process of training and issuing agent certificates or monitoring agents during operations has not been closely implemented at insurance enterprises. Licensing, training and recruiting insurance agents is done quite easily. Businesses only focus on developing the number of insurance agents without focusing on improving the quality of the insurance agent team. Sometimes insurance businesses only assign sales targets to attract more customers without assessing the risk level of the signed contract, leading to many arising disputes. Insurance businesses have not provided training. Being methodical leads to agents not understanding insurance products well and not having the necessary skills to negotiate, causing difficulties and misunderstandings about the products for customers. In addition, life insurance businesses have not focused on building a set of standards, operating rules, practice and ethical standards. Currently, many insurance agents still allow insurance fraud to occur, leading to losses for both businesses and customers. This causes loss of reputation and brand of the business. Many insurance businesses have not focused on digitizing their agency data. Agent capacity is not ranked and evaluated, leading to customers having no reference when wanting to advise on insurance products.

On the insurance business side, improving operational efficiency and accelerating growth is paramount; But besides that, it must go hand in hand with quality. Expand scale, expand market share, expand portfolio but must be accompanied by improving the quality of insurance products and services and ensuring ethics for insurance agents. Negative information about insurance agents of insurance businesses in the media still mainly focuses on pressing issues and complaints from customers related to insurance contracts, compensation, and payments. insurance money or insurance fraud. Therefore, to ensure quality growth, insurance businesses need to simultaneously strengthen management training and supervision of employees and insurance agents with solid insurance operations and build processes to resolve conflicts. Reasonable conflicts and disputes, ensuring the best interests of customers.

4. Solutions to improve the quality of insurance agency management

Because life insurance products have their own characteristics, product distribution is carried out mainly through the insurance agent network. Insurance agents are the people who directly and mainly influence the number of contracts, contract maintenance rate, fee revenue... In other words, it is the decisive factor in the results of production and business activities of the enterprise. Therefore, managing the life insurance agent network is always a topical issue in the life insurance business. To improve the

quality of insurance agency management, insurance businesses need to synchronously implement the following solutions.

Firstly, insurance businesses need to be equipped with modern management software with full advanced features such as agent data management software managed by the Vietnam Insurance Association to provide warning tools, Manage and perform appropriate business operations. This will help screen agents to avoid insurance companies recruiting duplicate agents working in other businesses; At the same time, agents who seriously violate discipline are also monitored and are not allowed to sell insurance for 3 years... State management agencies have also recently increased supervision, so this is also a condition that businesses are forced to comply with to maintain their reputation. Specifically:

- On the part of the Vietnam Insurance Association, it is necessary to: effectively promote its role in promptly communicating to insurance businesses about the violations of agents, especially those agents named on the blacklist., agree with insurance businesses on agents' actions and sanctions, and strictly punish agents recruiting businesses with a history of violations.
- On the part of the Ministry of Finance, it should: stipulate that insurance businesses must provide information and evidence about agents who commit violations so that the Ministry can consider and sanction administrative violations in accordance with the provisions of law, notify all insurance businesses about cases of agents being sanctioned for administrative violations so that businesses know and refuse to recruit that agent.
- On the part of the prosecution agency, especially the police agency: request to coordinate and support insurance businesses and customers to clarify and handle violations that show signs of crime by agents to deter and fight this type of crime.

Second, insurance businesses must do well in agent selection because the quality of agent selection will directly affect the quality of agent training and the quality of agent exploitation in the future. Insurance businesses have strict recruitment processes, with standards that ensure the provisions of law as well as the orientation and regulations of the business, to ensure compliance by branches. To perform the selection process well, businesses should: Open a career introduction seminar before each recruitment round to provide agents with information about job content, requirements as well as the rights and obligations of agents..., from which agents can determine the difficulties and advantages of entering the profession and, more importantly, will show them whether they are suitable for the profession or not. Thus, the company has somehow selected for itself a team of agents who are enthusiastic and suitable for the profession. The agent recruitment policy orients and encourages good and capable agents, team leaders, and head of recruitment and scale development, in order to increase income and compensate when agents leave the profession for many different reasons. After a period of "hot" development in the number of agents with the consequence of "fast in, fast out", recently businesses have focused on the quality and professionalism of the insurance agency profession. Building and managing a team of thousands or thousands of insurance agents is not a simple problem for businesses in the industry. Therefore, opening a

recruitment channel to train full-time agents is also one of the initial steps and a longer-term view of the insurance industry.

Third, insurance businesses need to improve training quality. Agent training in each enterprise is extremely important and determines the quality of agents. To perform training well, businesses need to organize a centralized training system from the headquarters and ensure that the trainer force always meets training requirements at branches. Lecturers must be people who have the ability to communicate well, stimulate and lead students to research, and at the same time they must be practical and very good people if they themselves have worked as successful, qualified agents. Expertise in insurance and other related fields. Each course must provide students with complete knowledge about the company, profession, products, services, techniques, sales skills, etc. Must create conditions for them to have a practical process. stay close to reality, and at the same time promote initiatives that can be applied to other agents. With the nature of the life insurance agent profession being a high-income profession, but also very challenging to the agent's perseverance and patience, agents often need to be trained to update new knowledge, new products, improve sales skills, prepare management skills and improve management skills on a large scale...

In addition to professional content, insurance businesses must also pay attention to professional ethics, in order to guide agents to success with ability, intelligence, exploit the strengths of the business, avoid violating regulations, professional standards, affecting personal and corporate reputation. Insurance businesses need to apply professional management tools (forms, reports, decision-making processes...) such as the standards of Limra (American Life Insurance Research and Practice Organization), or professional standards of developed countries in the region (Japan, Malaysia).

Fourth, insurance businesses need to invest in a modern technology system and a complete database to be able to design in detail each insured risk, with diverse insurance benefits to attract customers. customers choose as well as create favorable conditions for agents in the process of consulting customers more easily.

Fifth, insurance businesses need to improve management efficiency. The management of insurance agents must be carried out according to a multi-level model and network management. Businesses need to build for themselves a scientific management mechanism and principles and a highly qualified management team. It is necessary to pay attention to the team of sales team leaders and regional office leaders because they are the ones who directly supervise, manage and work with agents. The network of agency organizations must ensure the fastest and most effective communication and management of information between units. Must be consistent with the size and potential of the market. The management of agents must be strict right from the document management stage. Agents can only operate when they have signed an agency contract and are issued an agent card, avoiding the situation where they can operate legally without being issued a card and go to exploit the previous contract to ensure the rights of customers. Agency management work can be summarized on main tasks such as selection; dealer training; Organize activities to create and maintain work motivation for agents; Manage agent operations, manage agent compliance with

law. If a business wants to be successful, it must manage its agents successfully, which means managing all of the above tasks well.

In the near future, the market will no longer have room for unprofessional insurance agents (lower knowledge of life insurance in general and life insurance products in particular than customers, limited communication skills). contacting, consulting, presenting, guiding customers to participate in insurance...), considering insurance agents as just a side job to earn extra income... As for professional, well-trained agents, companies Insurance companies always need this force because this is the "face" of the business. Furthermore, no matter how technology develops, it is difficult to replace the human position, especially in life insurance, where trust is built from heart to heart^[6].

5. Conclusion

In general, it cannot be denied that the role of insurance agents is an inseparable part of the insurance market. Insurance agents are the link between insurance businesses and customers. Insurance agents have been making important contributions to the development of life insurance businesses in particular and the insurance market in general, especially in the context of the 4.0 industrial revolution. Appreciating the role of insurance agents, promoting the positive values that insurance agents bring to businesses, and building a team of professional insurance agents are key tasks in the work. management of insurance enterprises. Besides, it is necessary to improve the efficiency of insurance agency management to make the insurance market healthier.

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