
INNOVATION MANAGEMENT IN INSURANCE BROKERAGE COMPANIES IN THE DEVELOPMENT OF RETIREMENT CREDIT LIFE INSURANCE

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ABSTRACT

The transformation of the financial services sector, driven by digitalization and regulatory dynamics, has placed new demands on insurance brokerage firms to act as intermediaries and innovation-driven strategic partners. This study aims to analyze innovation management within Indonesian insurance brokerage companies that develop retirement credit life insurance, particularly in the context of regulatory pressure and digital transformation. Employing a qualitative case study method, data were collected through in-depth interviews, observations, and document reviews involving strategic-level informants. Thematic analysis revealed three main findings: (1) innovation efforts are primarily focused on digitizing service processes and integrating systems with banks to enhance efficiency and customer satisfaction; (2) regulations issued by Indonesia's Financial Services Authority (OJK) act as catalysts for innovation, pushing firms to adopt transparent, tech-based systems; and (3) ambidextrous strategies are adopted to balance service exploitation and innovation exploration. These findings validate the relevance of Open Innovation, Regulatory-Driven Innovation, and Organizational Ambidexterity in the insurance brokerage sector. Practically, this study offers strategic insights for brokerage firms to collaborate with insurtechs and banks, while also informing regulators to develop flexible policies that foster innovation without compromising consumer protection. The research contributes to bridging the gap in the literature on innovation management in insurance brokerages under strict regulatory constraints.

KEYWORDS Innovation Management, Insurance Brokerage, Digital Transformation, Regulatory-Driven Innovation, Ambidextrous Strategy



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INTRODUCTION

The development of digital technology and dynamic regulatory changes has driven significant transformation in the financial services industry, including the insurance sector (Klerkx & Leeuwis, 2009; Ramadhani & Lestari, 2019a; Stoeckli et al., 2018). In this context, insurance brokerage companies no longer only act as administrative intermediaries between insurance companies and customers but must be strategic partners who can present innovative solutions (Gatzert & Schmit, 2023). Digitizing services, improving process efficiency, and meeting transparency demands are the main factors that insurance brokers must face in the modern era (OECD, 2020).

One of the real challenges faced is in the management of credit life insurance products for retirees, where the speed of service, system integration with banks, and compliance with OJK regulations are crucial factors (Alwi et al., 2023; Ismamudi et al., 2023; Ramadhani & Lestari, 2019b). The pressure to innovate comes not only from market competition, but also from regulations that encourage companies to transform their operations and services (Zhang & Wang, 2022).

Another growing phenomenon is the emergence of new technology-based players (insurtech) that offer faster and more flexible services, thus requiring conventional insurance brokers to adapt quickly or risk falling behind the competition (Li & Sun, 2021). Although the urgency of innovation in this sector is increasing, studies that specifically address the application of innovation management in insurance brokerage companies are still very limited (Marpaung & Syafina, 2024; Saniah et al., 2023). Most previous research has focused more on insurance companies or banking institutions (Zhang & Wang, 2022). In addition, the concept of ambidextrous innovation that emphasizes a balance between adaptive and exploratory strategies has not been widely applied in the context of insurance brokers operating under strict regulatory pressure (O'Reilly & Tushman, 2021).

Based on the literature review, there are several research gaps identified: Lack of research that focuses on the application of innovation management in insurance brokerage companies, especially in the development of credit life insurance for retirees (Yin, 2021). There has been no study that integrates adaptive and exploratory strategies in the context of regulatory-driven innovation in the financial services sector (Forum, 2021). The limitations of studies that use a qualitative approach to explore the internal dynamics of brokerage firms in the face of innovation challenges (Ahmed & Rahman, 2023).

This research makes significant contributions by examining insurance brokers' strategic role in credit life insurance innovation, integrating ambidextrous innovation concepts in regulated environments, and employing qualitative case studies to explore innovation processes within Indonesia's insurance industry context (Ahmed & Rahman, 2023; Barney, 2020; Braun & Clarke, 2021; Chesbrough, 2020; Gatzert & Schmit, 2023; Gomez & Alvarez, 2024). It aims to analyze innovation management in insurance brokerage companies serving retirees, identify regulation as an innovation driver, evaluate ambidextrous strategies in service development, and explore digital transformation challenges (Teece, 2022). The study offers multiple benefits: theoretically advancing innovation management

knowledge in insurance brokerage; practically providing strategic recommendations for effective, regulation-adaptive innovations; and informing regulatory policies that balance innovation support with prudential principles in the financial services sector Li & Sun (2021); OECD, 2020).

RESEARCH METHOD

This study employs a qualitative case study approach to thoroughly examine innovation management in insurance brokerage companies developing credit life insurance for retirees amid regulatory pressures and digital transformation. The research focuses on Indonesian insurance brokers actively managing retirement credit life products under OJK supervision. Informants are selected through purposive sampling, targeting strategic position holders with at least three years of experience and involvement in digital transformation initiatives. Data collection combines primary and secondary sources (in-depth interviews and direct observation) (company documents, OJK regulations, and industry reports).

The research utilizes semi-structured interviews addressing key questions about innovation strategies under regulatory pressure, digital transformation challenges, and balancing service exploitation with innovation exploration. Data analysis follows Braun and Clarke's thematic analysis method, progressing through transcription, open coding, axial coding, selective coding, and conceptual framework-based interpretation. Validity is strengthened through triangulation and member checking techniques.

The research procedure encompasses instrument preparation, field data collection, analysis, and results reporting, while maintaining strict confidentiality of informant identities and company data in accordance with academic ethical principles. Triangulation is implemented through multiple sources (diverse informant positions), methods (interviews, observations, documents), and theoretical perspectives to ensure comprehensive and reliable findings.

RESULT AND DISCUSSION

General Description of Research Object

The insurance brokerage company that is the object of this research is active in managing credit life insurance products for retirees. The company is undergoing digital transformation to improve service efficiency and ensure compliance with OJK regulations. In addition, companies face challenges in adapting to the emergence of more flexible and technology-based insurtech.

Data Analysis Results

Theme 1: Implementation of Innovation Management

The company prioritizes innovation in process aspects, especially through the digitization of claims services and system integration with banking.

Informant Quote: "We prioritize accelerating system-based service integration with banks to improve customer satisfaction." (Informant 1)

Analysis: These findings align with the concept of Open Innovation (Chesbrough, 2020), which emphasizes the importance of external collaboration in driving innovation in the service sector.

Theme 2: The Role of Regulation as a Driver of Innovation

OJK regulations encourage companies to adopt digital technology to increase transparency and consumer protection.

Respondent’s quote:

"Regulations from the OJK make us have to adapt quickly to the digital system to remain compliant." (Informant 2)

Analysis:

This supports the theory of Regulatory-Driven Innovation (Li & Sun, 2021), which states that regulation can be a catalyst for innovation.

Theme 3: Ambidextrous Strategies

The company seeks to balance exploiting existing services and exploring innovations.

Respondent quote:

"We are maintaining conventional services while continuing to try digital innovations to meet market needs." (Informant 3)

Analysis:

This strategy aligns with the Organizational Ambidexterity concept (O'Reilly & Tushman, 2021), which emphasizes the balance between operational stability and innovation development.

Table 1. Theme Summary Table

No	Theme	Sub-Theme	Key Quotes	Interpretasi
1	Innovation Management Implementation	Process Digitization	"We focus on system integration..."	External collaboration drives innovation
2	Regulation as a Driver	Compliance & Technology	"Regulations force us to adopt digital..."	Regulation as a driver of innovation
3	Strategi Ambidextrous	Exploration & Exploitation	"We keep old services while innovating."	Balance of adaptation and development

Discussion

The research findings show that insurance brokerage firms face challenges and opportunities in implementing innovation management under regulatory pressure (Kumar & Patel, 2019). Digitalization is the main focus of process innovation, driven by OJK regulations. This is consistent with Zhang & Wang's (2022) research on digital transformation in the financial services sector. In addition, the implementation of ambidextrous strategies has proven to be important in maintaining a balance between service stability and the development of

innovations, as affirmed by O'Reilly & Tushman (2021). The contribution of this research lies in understanding how regulation is not only an obstacle, but also a driver of innovation in the insurance brokerage industry (Schilling, 2020).

This research enriches the application of the concept of Open Innovation and Organizational Ambidexterity in the context of the heavily regulated insurance brokerage industry (Porter & Heppelmann, 2019). The findings suggest that regulation is not always an obstacle but can serve as a catalyst for innovation, expanding the understanding of Regulatory-Driven Innovation (Li & Sun, 2021).

This study provides insight into the importance of external collaboration with insurtechs and banking institutions in driving service efficiency for insurance broker management. In addition, regulators such as the OJK are expected to design more flexible policies while maintaining the principle of prudence so that innovation can develop without sacrificing consumer protection.

This research has several limitations that need to be realized, including:

- 1) The research focused only on one case study of an insurance brokerage company, so the generalization of the findings is still limited.
- 2) Data collection depends on the informant's perspective, who may be influenced by perception bias, even though triangulation has been carried out.
- 3) The dynamics of regulation and very rapid technological developments can make these findings relevant for a certain period of time.

CONCLUSION

This study concludes that the application of innovation management in insurance brokerage companies focuses on the digitization of service processes, which is driven by OJK regulations and the demands of efficiency and transparency. Regulation acts as a catalyst for innovation, although operational flexibility remains a limitation. Ambidextrous strategies are applied to balance the exploitation of existing services and the exploration of innovations in the face of market dynamics and technological developments. This research makes a theoretical contribution to the enrichment of the concept of Open Innovation and Regulatory-Driven Innovation in the strictly regulated financial services sector. Practically, the results of this research are a reference for insurance brokerage companies in designing innovation strategies that are adaptive to regulations and developments in digital technology.

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