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Beyond Risk Transfer: Rethinking Dynamic Capabilities as the Foundation of Innovation in General Insurance Companies

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Abstract: General insurers are currently facing increasingly complex pressures as a result of accelerating digital disruption, rising customer expectations, and global risk dynamics. Amid these conditions, the traditional approach, which focuses on the primary function of risk transfer, is no longer considered sufficient to ensure long-term sustainability and competitiveness. This article aims to review the concept of dynamic capabilities as a strategic foundation in driving innovation in general insurance companies. Using the Narrative Literature Review (NLR) method, this study identifies three main dimensions of dynamic capabilities: sensing, seizing, and transforming, which play a crucial role in enhancing organizational responsiveness to market changes, technological opportunities, and external uncertainties. The results of the study show that insurance companies that can develop and integrate dynamic capabilities sustainably tend to be more adaptive and innovative in creating products, business models, and service strategies that meet future needs. The implementation of dynamic capabilities not only strengthens the company's competitiveness but also shifts the paradigm from just risk transfer to value co-creation. This research makes a theoretical contribution by developing a new conceptual framework that links dynamic capabilities with innovation in the general insurance sector, offering practical implications for the development of organizational transformation strategies. These findings also open up further research space to empirically examine the relationship between the dynamic capabilities, innovation, and performance of general insurers in an ever-changing industry context.

Keywords: Dynamic capabilities, Innovation, general insurance, risk transfer, organizational transformation

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1. Introduction

The general insurance industry has long served as a protection mechanism through the transfer of risk from individuals or companies to insurance providers. The general insurance industry is currently at a strategic crossroads that requires companies to go beyond their traditional function as risk transfer providers. Rapid changes in the business environment such as accelerated digitalization, increasing customer expectations, intensified global competition, and pressures from climate change and other new risks are forcing insurance companies to make fundamental adjustments in their operational models and business strategies (PwC, 2022; OECD, 2021). The global general insurance industry, including in Indonesia, is currently facing increasingly complex pressures from various sides: climate change, digital transformation, business model disruption, and increasing customer expectations for fast, personal, and transparent services. Amidst this disruption, insurance companies can no longer rely on their traditional role as risk transfer providers alone. Conventional business models that only focus on underwriting and claims management are no longer sufficient to create sustainable competitive advantage.

In practice, many general insurance companies still operate within a framework of routines and bureaucratic processes that hinder organizational flexibility and creativity. Although some companies have begun to adopt technological solutions such as insurtech, big data, and

AI, without strong dynamic capabilities, the resulting innovations tend to be patchy and non-systemic. This has an impact on low adaptability to disruption, as well as limited company capacity to design new products, services, and business models that are relevant to evolving market needs (McKinsey, 2023). This innovation stagnation is not only caused by technological or regulatory limitations, but also by the company's internal weaknesses in developing dynamic capabilities, namely the ability to sense change (sensing), seize opportunities (seizing), and reconfigure resources (transforming) effectively. Without a strong dynamic capability framework, insurance companies find it difficult to innovate sustainably, both in designing new products, building digital distribution models, and in developing data-based risk mitigation strategies.

However, the transformation required is not only technological or structural, but also demands the company's internal capability to consistently sense opportunities and threats (sensing), capture opportunities through innovation (seizing), and reconfigure assets and business processes (transforming). These three capabilities are known as dynamic capabilities, a conceptual framework developed by Teece et al. (1997) and has been widely applied in the context of the manufacturing, technology, and financial services industries, but there has been minimal exploration in the context of the general insurance industry. Although the literature on dynamic capabilities has grown widely, especially in the context of strategic management and innovation, studies that specifically explore the implementation of this concept in the general insurance industry, especially in developing countries such as Indonesia, are still limited.

Through this study, the author attempts to review the fundamental role of dynamic capabilities as the basis for innovation strategies in the general insurance industry. This study was conducted through a narrative literature review approach to identify how sensing, seizing, and transforming capabilities can be applied in the insurance context, and how such application contributes to the creation of long-term value to go beyond the function of risk transfer, and transform into an adaptive, innovative, and sustainability-oriented risk solution partner. Thus, this article is expected to contribute to the development of innovation theory and practice in the general insurance industry, especially in strengthening resilience and competitiveness in an era of uncertainty. This study becomes increasingly relevant along with increasing global uncertainty and the need for the general insurance industry to strengthen competitiveness based on internal capabilities, not just on reactions to externalities.

2. Literature Review

2.1. Dynamic Capabilities (Dynamic Capabilities)

The concept of dynamic capabilities was first introduced by Teece, Pisano, and Shuen (1997) as a company's ability to intentionally integrate, build, and reconfigure internal and external competencies to respond to rapid environmental change. In this framework, there are three main dimensions that are the pillars of dynamic capabilities, namely: (1) Sensing, which is the ability to identify and assess opportunities and threats from the external environment. (2) Seizing, which is the ability to mobilize resources in responding to these opportunities through innovation and strategic investment. (3) Transforming, which is the capacity to transform and reconfigure assets and organizational structures to remain relevant and competitive (Teece, 2007). In other words, dynamic capabilities are the ability of an organization to change its resource base. This involves the ability to sense and understand new opportunities and threats, seize these opportunities through the development of new products and services, business processes, and business models, and transform the organization to maintain long-term competitiveness. This capability is very important for companies operating in dynamic and complex environments, where change occurs constantly and unexpectedly.

This capability is not static and requires continuous organizational learning (Eisenhardt & Martin, 2000). In the context of general insurance, sensing capability can be translated as sensitivity to new risk trends, such as cyber risk and climate change, while seizing and transforming reflect the readiness to design innovative products and reorient technology-based business processes. Developing dynamic capabilities requires continuous investment in organizational learning, experimentation, and innovation. Companies need to create a culture that encourages the exploration of new ideas, measured risk taking, and learning from failure. In addition, companies need to build strong collaboration networks with external stakeholders, such as customers, suppliers, and research institutions. Company leaders have

a very large role in increasing the potential of existing human resources (Tarlis et al., 2021). Training programs and workshops are very important for human resource development. Through human resource empowerment, companies can realize personnel independence and solid team capabilities (Notoatmodjo, 2009) (Tarlis et al., 2021).

2.2. Dynamic Capabilities in the Context of Innovation

Various studies have shown a positive relationship between dynamic capabilities and innovation. Helfat et al. (2007) stated that companies with high levels of dynamic capabilities tend to be more innovative and able to act adaptively in a dynamic environment. In addition, Wang and Ahmed (2007) found that dynamic capabilities serve as a bridge between core competencies and the creation of new value through product and process innovation. In the service industry, especially financial and insurance services, the existence of dynamic capabilities allows organizations to be more responsive to customer needs, more agile in adopting technology, and more strategic in data-based decision making (Teece, Peteraf, & Leih, 2016). Dynamic capabilities, as a theoretical construct, represent an organization's ability to integrate, build, and reconfigure internal and external competencies in response to rapid environmental changes (Hermawati, 2020). Innovation, on the other hand, refers to the implementation and adoption of new ideas by individuals within the organization, indicating that innovation is not only about generating ideas, but also about putting them into action (Reano et al., 2022). Innovation requires a company's ability to continuously transform knowledge and ideas into new products, processes, and systems for the benefit of the company and its stakeholders (Saunila & Ukko, 2012). The relationship between dynamic capabilities and innovation is symbiotic, where dynamic capabilities facilitate innovation by providing an adaptive framework, while innovation contributes to the evolution and refinement of the organization's dynamic capabilities (Gebauer, 2011). The ability of an organization to innovate is greatly influenced by work engagement across organizational levels and innovation also depends on organizational support (Reano et al., 2022).

Companies with strong dynamic capabilities tend to excel in innovation because they are able to identify and exploit new opportunities, and adapt to market and technological changes effectively. In a dynamic and competitive business environment, innovation is the main key for companies to maintain competitive advantage and achieve sustainable growth (Pontjoharyo, 2023). Intellectual Property Protection provides legal certainty for technology that is the driving force of development (Hendrix et al., 2021). A study by Ali et al. (2020) shows a positive relationship between dynamic capabilities and innovation performance. Through a systematic review, they highlight the importance of dynamic capability components such as sensing, seizing, and transforming in improving organizational innovation performance. Stoeber and Kanbach (2025) developed a framework that integrates dynamic capabilities with open innovation practices. They identified six key dimensions: permeable boundaries, collaborative ecosystems, open resource management, adaptive value management, organizational openness, and ecosystem reconstruction. This framework helps organizations operationalize open innovation to strengthen their dynamic capabilities. Research by Wang et al. (2022) examined the relationship between intellectual capital, dynamic capabilities, and innovation ambidexterity. The results showed that dynamic capabilities play a mediating role in optimizing the use of intellectual capital to achieve a balance between exploration and exploitation of innovation. A recent study by Ettinger (2025) examined how Enterprise Architecture Management (EAM) can function as a dynamic capability in the adoption of Generative AI technology. Effective EAM can improve strategic alignment, governance framework, and organizational agility in facing the challenges of disruptive technologies .

2.3. Transformation of the Insurance Industry and the Need for Innovation

The general insurance industry is experiencing transformation pressures from the development of digital technology, the need for more flexible products, and increasingly stringent regulations related to risk management and consumer protection. Innovation is no longer an added advantage, but a fundamental need to survive (Swiss Re Institute, 2021). A study by Deloitte (2020) shows that although 75% of insurance companies claim to have a digital transformation strategy, only a small portion actually integrate technology with business processes and work culture. The global insurance industry is undergoing significant transformation, driven by changing customer expectations, rapid technological advances, and an evolving regulatory landscape (Cappiello, 2020). Insurance protection provides broad benefits to society, including in terms of finance, risk reduction, and peace of mind (Desirella,

2022). In this context, innovation is no longer just an option, but a necessity for insurance companies that want to remain competitive and relevant in the market (Kurniawan et al., 2021). This transformation involves fundamental changes in the way insurance companies operate, interact with customers, and manage risk. Modern insurance companies are required to be able to adapt quickly to change, adopt new technologies, and develop innovative business models (Putri et al., 2021). Innovation in the insurance industry can take various forms, from developing new products and services to improving business processes and customer experience.

One of the main drivers of the insurance industry transformation is changing customer expectations. Today's customers expect a more personalized, easy, and transparent experience. They want products and services tailored to their specific needs, as well as easy access to information and customer service through multiple channels (Widarianti, 2017). Insurance companies that are able to meet these expectations will have a significant competitive advantage. In addition, technological advances also play an important role in the transformation of the insurance industry. Technologies such as artificial intelligence, machine learning, big data analytics, and the internet of things open up new opportunities for insurance companies to improve operational efficiency, reduce risk, and enhance customer experience (Eckert & Osterrieder, 2020). Artificial intelligence can be used to improve production efficiency through process automation, machine maintenance prediction, and supply chain optimization (Oktavianus et al., 2023). Technology-based innovation is the main foundation in facing increasingly fierce global competition (Hendrix et al., 2021). Digital technology disruption, increased competition, changes in stakeholder behavior, and the impact of the COVID-19 pandemic have prompted many companies to invest in digital transformation (Farah et al., 2022). Digital business transformation involves organizational change through the use of digital technology to improve organizational performance (Putri et al., 2021). In recent years, we have witnessed the emergence of insurtech, startups that use technology to disrupt traditional insurance business models (Stoeckli et al., 2018). These companies are often more agile and innovative than larger, established insurance companies, and they are able to offer more attractive products and services to customers. These innovations help simplify processes, reduce costs, and improve customer experience (Wardani & Darmawan, 2020).

3. Method

This study uses the Narrative Literature Review (NLR) approach, which is a method that aims to synthesize, interpret, and reformulate existing knowledge conceptually on a particular topic (Baumeister & Leary, 1997). This approach was chosen to explore in depth the role of dynamic capabilities in driving innovation in general insurance companies, considering the limited number of studies that systematically integrate the theory in the context of the general insurance industry.

We conducted the research by taking the following steps:

a. Literature Search Strategy

Literature was collected from various leading scientific sources, such as electronic databases: Scopus, ScienceDirect, Emerald Insight, SpringerLink, and Google Scholar. Document types are academic journal articles, conference proceedings, and relevant industry reports. The main keywords used in the search process include: “dynamic capabilities” AND “insurance industry” OR “general insurance” AND “innovation” AND “sensing” AND “seizing” AND “transforming”. The search limits are publication years 1997–2024, in English and Indonesian, focusing on organizational context, innovation, and transformation in the insurance or financial services industry.

b. Literature Selection Procedure

The literature found was evaluated based on theoretical relevance to the concept of dynamic capabilities, contextual relevance to the general insurance sector and credibility of the sources, such as reputable journals or recognized industry reports such as Deloitte, PwC, Swiss Re Institute. After the selection process, the selected literature was used as the basis for developing a conceptual framework and narrative analysis.

c. Analysis and Synthesis

A narrative approach is used to group findings based on the three dimensions of dynamic capabilities (sensing, seizing, transforming). Linking the development of these

capabilities with forms of innovation in insurance companies (products, processes, services, business models). The analysis is conducted by comparing conceptual approaches in the literature, identifying thematic tendencies, and drawing strategic implications relevant to the conditions of the general insurance industry .

d. Methodological Limitations

As a qualitative method, narrative review has limitations in terms of not being able to provide statistical generalizations, and is prone to subjectivity in the selection and interpretation of literature. However, this method provides the theoretical flexibility needed to develop new insights in the conceptual and managerial context of the insurance industry .

4. Results and Discussion

Based on the literature search strategy, inclusion and exclusion criteria, of the articles collected and reviewed, we conducted a discussion by grouping the articles based on the research objectives.

4.1 . Dynamic Capability Dimensions in the Context of General Insurance

It was found that the sensing dimension is very important in detecting changing customer needs and new technological opportunities. The seizing dimension is reflected in the development of digital-based products, such as usage-based insurance or parametric insurance. Meanwhile, transforming includes the ability to change internal processes, including the digitalization of underwriting and claims. Dynamic capabilities, as a crucial theoretical construct in strategic management, play a vital role in enabling companies to adapt and thrive in a turbulent and ever-changing business environment. In the context of the general insurance industry, which is characterized by regulatory complexity, intense competition, and changing customer expectations, dynamic capabilities are becoming increasingly important to ensure sustainability and competitive advantage (Desirella, 2022; Firmansyah & Cesara, 2020). Dynamic capabilities refer to an organization's ability to integrate, build, and reconfigure internal and external competencies to respond to rapid environmental changes. Company management needs to identify various competitive issues, especially those related to human resources, and employees are required to have adaptive abilities in dealing with the dynamics of environmental change (Hartini et al., 2021). General insurance companies must continue to innovate in their products and services, improve operational efficiency, and build strong relationships with customers and business partners (Nalurita & Sari, 2023).

Insurance companies are required to proactively detect market signals, emerging risk trends (such as climate risk, cyber), and new consumer behavior. Research by Wang et al. (2021) shows that insurance companies that invest in advanced business intelligence and risk analytics systems tend to have advantages in sensing capabilities. The development of strategic radar and the ability to utilize digital ecosystems are important parts of sensing in modern insurance. The seizing dimension is reflected in the company's ability to capture opportunities through product innovation, risk portfolio restructuring, and new market penetration. According to Zhang & Wu (2020), general insurance companies that are able to respond quickly to changes in customer preferences through product digitalization (such as usage-based insurance) show a high level of seizing capability. Organizational transformation is needed to ensure business sustainability and resilience. This includes the adoption of digital technology, underwriting process transformation, and cross-functional data integration. Research by Hsu & Wang (2023) shows that digital transformation in the general insurance industry increases operational flexibility and strengthens organizational capabilities in dealing with crises such as the COVID-19 pandemic. The literature reviewed shows that insurance companies that excel in all three dimensions of dynamic capabilities tend to have more stable and innovative performance.

A summary of the reviewed literature on the three main dimensions of the dynamic capabilities of sensing, seizing, and transforming in the adaptation and innovation strategies of general insurance companies can be seen in the figure below.

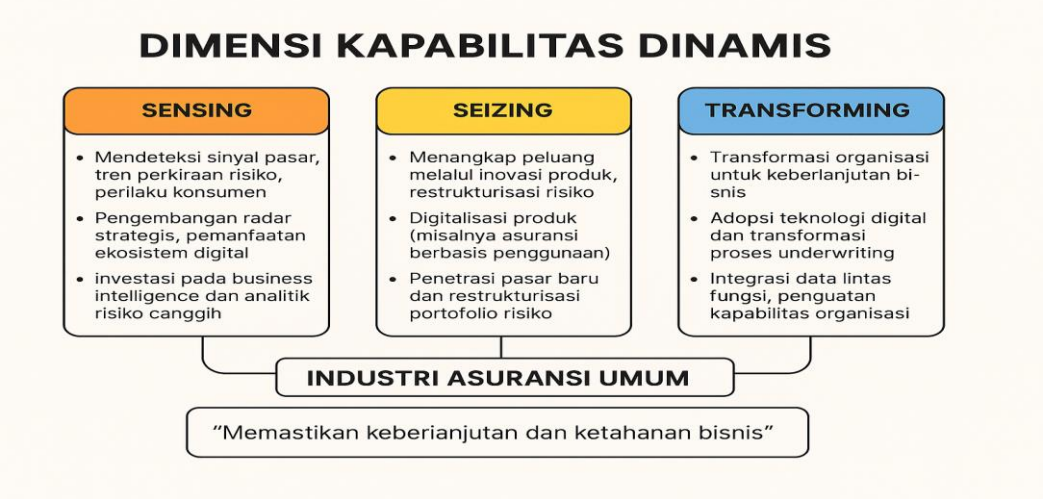

Figure 1. Dynamic Capabilities Dimensions in the General Insurance Industry

This dimension serves as a framework for increasing business competitiveness, flexibility and resilience in the face of dynamic external environmental changes.

4.2. Dynamic Capabilities as Drivers of Innovation

Dynamic capabilities act as a driver of innovation not only in creating new products but also in shaping business models that are responsive to external changes. The application of AI and big data for premium personalization and service automation are examples of innovations facilitated by dynamic capabilities. Research by Rehman et al. (2025) emphasizes the importance of dynamic capabilities as a mediator in improving a company's innovation performance through information technology (IT) investment. They develop a framework that helps organizations identify and monitor the benefits of IT investments, enabling internal transformation in the face of a changing business landscape. Research by Zhang et al. (2025) examines the relationship between dynamic capabilities and digital innovation. This study highlights that an organization's digital orientation and digital capabilities, which are part of dynamic capabilities, contribute significantly to competitive advantage through digital innovation. Research by Li et al. (2025) explores the role of digital adaptability as a mediator between dynamic capabilities and innovation performance. The results show that high digital adaptability strengthens the positive effect of dynamic capabilities on innovation, especially in a dynamic market environment.

A study by Stoeber and Kanbach (2025) shows that the integration of open innovation with dynamic capabilities can strengthen the organizational innovation process. They developed a framework that links open innovation activities with three stages of dynamic capabilities, namely: (1) Sensing, involving permeable organizational boundaries and collaborative ecosystems to detect external opportunities. (2) Seizing, including adaptive value management and open resource management to exploit opportunities. (3) Transforming, involving organizational openness and ecosystem reconfiguration to adapt to change. This framework provides practical guidance for companies to implement open innovation effectively in their innovation process. Ali and Hadi (2025) examined how international dynamic capabilities mediate the relationship between international open innovation and firm innovation performance. This study found that strong dynamic capabilities enable companies to more effectively exploit global innovation opportunities, increase innovation speed, and international performance. Research by Wang et al. (2022) developed a framework that examines the combined effects of intellectual capital, dynamic capabilities, and innovation orientation on innovation ambidexterity. Their findings suggest that intellectual capital contributes to the development of dynamic capabilities, dynamic capabilities mediate the relationship between intellectual capital and innovation ambidexterity, and innovation orientation strengthens the effect of dynamic capabilities on innovation ambidexterity. This study highlights the importance of synergies between intellectual resources and organizational capabilities in driving innovation. Granstrand and Holgersson (2020) discuss the role of dynamic capabilities in the innovation

ecosystem. They emphasize that dynamic capabilities enable firms to adapt and thrive in complex and rapidly changing innovation ecosystems.

Research by Mukhwana et al. (2025) identified four main dimensions of dynamic capabilities that significantly influence the performance of insurance companies, namely: integration capability, learning capability, sensing capability, and technical capability. These four dimensions collectively explain 56.5% of the variation in insurance company performance, indicating the importance of dynamic capabilities in driving innovation and competitive advantage. A study by Liu et al. (2023) emphasized that the integration of dynamic capabilities and intellectual capital, with the moderating role of service innovation, can improve organizational performance. In addition, research by Marco-Lajara et al. (2023) showed that capabilities such as absorptive, learning, and adaptive capacities contribute significantly to innovation in small and medium-sized enterprises in developing countries. Research by Akintokunbo (2018) in Port Harcourt showed a significant positive relationship between innovation strategy and dynamic capabilities in insurance companies. An effective innovation strategy can strengthen dynamic capabilities, which in turn improves organizational adaptability and performance. A study by Michel (2021) found that insurance companies with strong dynamic capabilities showed better performance in terms of innovation and growth. This literature review shows that dynamic capabilities play a crucial role in driving innovation in general insurance companies. By developing capability dimensions such as integration, learning, detection, and technical capabilities, insurance companies can improve their adaptability and performance amidst rapid environmental changes.

4.3. Paradigm Shift: From Risk Transfer to Value Co-Creation

The literature shows a shift in focus from the traditional role as a risk transfer to a strategic partner in creating shared value (co-creation of value). Traditionally, insurance companies are positioned as institutions that provide protection against financial risks through risk transfer mechanisms. The conventional insurance business model is rooted in the principles of risk pooling and risk transfer, where individuals or entities transfer financial risk to insurance companies by paying premiums. This model is oriented towards static contracts based on estimates of future risks and claims handling when losses occur (Cummins & Weiss, 2009). Although effective in providing protection, this approach is limited in terms of service innovation and customer engagement. However, the dynamics of the business environment, the development of digital technology, and increasing customer expectations have driven the transformation of the role of insurance companies from merely risk bearers to partners in creating shared value (value co-creation). The concept of value co-creation emphasizes the importance of active collaboration between service providers and customers in designing, delivering, and developing relevant and adaptive products and services (Prahalad & Ramaswamy, 2004). General insurance companies are starting to transform into entities that are active in risk mitigation and customer education.

Value co-creation is a collaborative process between companies and consumers in creating mutually beneficial value. In the insurance context, this includes active customer involvement in product design, risk management, and digital-based service improvement (Galvagno & Dalli, 2014). IoT, wearable devices, and mobile applications enable real-time data collection that can enhance personalization and risk prevention (Eling & Lehmann, 2018). Insurance companies now realize that they can create greater value by collaborating with customers, partners, and other stakeholders to develop innovative solutions that meet their specific needs and aspirations (Widarianti, 2017).

The shift from risk transfer to value co-creation in the insurance industry is driven by several interrelated factors that reflect changing consumer expectations and technological advances. This transition emphasizes the importance of engaging customers as active participants in the value co-creation process, rather than passive recipients of services. Key factors contributing to this paradigm shift include customer engagement where customers are increasingly viewed as value co-creators, actively participating in the development of products and services (Ramaswamy, 2009). This engagement fosters deeper relationships between insurers and clients, increasing customer loyalty and satisfaction. Digitization of services enables more interactive and personalized experiences, allowing customers to influence service delivery . Digital platforms facilitate ongoing engagement, moving away from traditional episodic inter-

actions (Rantala & Karjaluoto, 2016). Integrated distribution models with integration of banking and insurance services promote a holistic approach to value creation, where multiple financial products are offered together. Successful companies leverage integrated distribution to enhance customer experience and streamline service delivery (Falautano & Marsiglia, 2003). The transformation from risk transfer to value co-creation marks a strategic evolution in the general insurance business. This model expands the function of insurance companies from risk managers to partners in creating sustainable value for customers.

A study by Fierce et al. (2021) states that insurance companies that adopt a value co-creation approach can increase customer loyalty, accelerate product innovation, and create sustainable competitive advantages. Some key factors driving the transition from risk transfer to value co-creation include: (1) Digitalization and big data where technology enables real-time interaction and data collection for service personalization (Nguyen et al., 2023). (2) Changes in consumer behavior where today's consumers expect participation in the value process, not just product purchases (Prahalad & Ramaswamy, 2004). (3) Demands for transparency and trust, collaboration and engagement increase transparency in financial services (OECD, 2020). (5) Open ecosystems where collaboration with insurtech, ecosystem partners, and customers creates added value through synergies (Hakala et al., 2022). The real implementation of value co-creation in general insurance includes various initiatives. Digital service platforms where AXA and Allianz provide applications that allow customers to monitor policies, file claims, and receive personalized protection advice (Deloitte, 2021). Parametric products and Usage-Based Insurance (UBI) involve customers directly participating in premium and protection settings based on actual data (Tucker, 2022). And financial literacy and risk prevention programs where companies and customers work together to reduce actual risks through education and preventive interventions (Zhao & Jin, 2023). The literature shows that the paradigm shift from risk transfer to value co-creation marks an important evolution in the general insurance business model. Companies that successfully carry out this transformation not only increase customer satisfaction but also strengthen their strategic position amidst digital competition.

5. Discussion

The results of this study indicate that dynamic capabilities play a central role in strengthening the innovative capacity of general insurance companies. In the context of an industry that is heavily influenced by digital disruption, shifting consumer behavior, and increasing risk complexity, companies are required to be not only responsive but also proactive in creating new value. Sensing capability helps organizations identify innovation opportunities, both through observing market trends and utilizing technology-based analytical data. Seizing capability facilitates fast and strategic decision-making to respond to these opportunities, while transforming capability enables companies to adjust their work structures, processes, and cultures to support the sustainability of innovation.

This confirms that dynamic capabilities are not an instant process, but are formed through a continuous organizational process. Integration between technology, human resources, and organizational culture greatly determines the success of implementing this capability. Companies that successfully develop these three dimensions simultaneously tend to be more resilient to crises and more competitive in the long term. Therefore, the development of dynamic capabilities should be an integral part of the insurance company's long-term strategy, not just a momentary reaction to market changes.

6. Conclusion and Recommendations

In the face of digital disruption, global risk dynamics, and increasing market expectations, general insurance companies can no longer survive by simply performing their traditional functions as risk protection providers. Innovation is a must, and dynamic capabilities that include sensing, seizing, and transforming capabilities serve as a strategic foundation for building resilience, adaptability, and long-term competitive advantage. The results of the literature review show that sensing capabilities enable companies to detect market changes and new risks, seizing capabilities help companies respond effectively to innovative opportunities, and transforming capabilities enable companies to make internal changes needed to support new strategies. All three contribute directly to the creation of product, process, service, and business model innovations in the general insurance sector. However, the development of dynamic capabilities in the insurance industry, especially in developing countries, still faces

significant challenges, such as resistance to organizational culture, limited human resources, and structural barriers. Therefore, a systematic managerial approach and adequate ecosystem support are needed. This study emphasizes the importance of dynamic capabilities in supporting strategic innovation in general insurance companies. The concepts of sensing, seizing, and transforming are not only relevant, but also essential to survive and thrive in an uncertain business environment. The practical implication of this study is the need to invest in organizational capabilities to detect market changes, make data-based decisions, and manage internal transformation in a sustainable manner.

Based on the findings and discussions in this article, the following recommendations are presented:

a. Strengthening Adaptive Organizational Structures
   Insurance companies need to establish innovation units and strengthen cross-functional roles to facilitate the sensing and transforming process effectively.
b. Investing in Technology and Data Analytics
   To support sensing and seizing capabilities, investment in big data, AI, and machine learning systems is crucial so that companies can process risk information in real time.
c. Human Resource Development Based on Continuous Learning
   Continuous training and implementation of a learning culture (learning organization) are needed to strengthen transformation capabilities and avoid organizational stagnation.
d. Strategic Partnership with Insurtech
   Collaboration with startups and third-party technologies can accelerate the adoption of innovative solutions and strengthen seizing capabilities.
e. The Role of Regulators in Supporting Innovation
   Regulators need to provide space for experimentation through sandbox policies and regulations that are adaptive to the development of new technologies and business models.

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