



RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK OF FIJI RELEASES 2012 INSURANCE ANNUAL REPORT

The Reserve Bank of Fiji has released the 2012 Insurance Annual Report following its tabling at Cabinet by the Honourable Prime Minister and Minister for Finance, Commodore Josai Voreqe Bainimarama on 28 August 2013. The Report provided a review of major developments in the international insurance market, and in more detail the performance of the domestic insurance industry in 2012.

In releasing the 2012 Insurance Annual Report, the Deputy Governor Mr Inia Naiyaga, stated that 2012 also had its share of significant insurance events, following on from 2011, which was marked by a historically high incidence of disasters and the ongoing financial crisis. Globally, underwriting results improved in 2012 compared to 2011, and in spite of the economic slowdown, growth opportunities were identified particularly in the Asia-Pacific region, attributed to the geographic diversity and a growing customer base.

Natural disasters were certainly the main theme for Fiji's insurance industry in 2012. For the first time, the domestic general insurance industry reported an underwriting loss of \$2.8 million due to the two floods in Western Viti Levu, and Cyclone Evan. The total assets of the local insurance industry however noted a growth of 16.4 percent on a consolidated level, with industry solvency surplus recorded at a comfortable \$156.5 million in 2012.

2012 saw the first year of the publication of Key Disclosure Statements of licensed insurers in Fiji, following the implementation of the Reserve Bank's Insurance Supervision Policy Statement No. 11 in December 2011. These public disclosures are expected to further enhance transparency and comparison of insurer performance across the industry.

Looking ahead, while the outlook for the insurance industry is positive, the prevailing low interest rate environment calls for difficult pricing decisions especially by life insurers as investment returns are likely to remain weak. The increasing severity and frequency of natural disasters are reshaping insurer views of risk, necessitating increased technology investment to improve risk management.

Deputy Governor Naiyaga took the opportunity to acknowledge the continuing cooperation of the insurance industry towards improving compliance with the regulatory guidelines and their contribution in providing such an important service to the nation.

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