

**Reserve Bank of Fiji**  
**Insurance Supervision Policy Statement No. 11**

**NOTICE TO INSURANCE COMPANIES LICENSED UNDER THE INSURANCE ACT 1998**

**DISCLOSURE REQUIREMENTS FOR LICENSED INSURERS IN FIJI**

**PART I: PRELIMINARY**

**1.0 Introduction**

1.1 This Notice is issued under Section 3(2)(a) of the Insurance Act 1998 (the Act) as part of the Reserve Bank of Fiji's standards governing the conduct of insurance business in Fiji. This notice sets out the requirement for licensed insurers to publish specific financial and prudential information about the financial condition of their operations.

**2.0 Objective of the Policy**

2.1 The objective of this policy is to outline the requirements for the form and content of the Key Disclosure Statements (KDS) of licensed insurers for the information and use of the general public, current and potential policy holders and other stakeholders in their insurance decisions.

2.2 This policy aims to enable public disclosure to strengthen the transparency of licensed insurers, allow market forces to foster market discipline towards a sound financial system.

**3.0 Background and Outline of the Approach**

3.1 Insurers have an equal if not greater responsibility towards the policy holders than their duty towards the investors as the expected loss to policyholders can exceed the loss to investors in instances of insolvency.

3.2 Thus, in fostering market discipline and strengthening financial stability, the Reserve Bank promotes public disclosure of financial and other relevant prudential information by insurers. The standardized RBF disclosure forms aims to increase transparency on the financial conditions and risk profiles of insurers.

3.3 Availability of information through public disclosure statements assists consumers in making more informed judgments prior to purchasing insurance products.

3.4 In preparing the requirements of this policy statement, reference has been made to the recommendations of the International Association of Insurance Supervisors (IAIS), international sound practices and powers under the Act.

## **PART II: REQUIREMENTS OF THE POLICY**

### **4.0 Form and Frequency of Key Disclosure Statement**

- 4.1 Every insurer is required to prepare and publish not later than 4 months after the end of each calendar year a Key Disclosure Statement that must contain the information in Part 5.0 of this Notice in the prescribed template, provided in Annexure 1 and 2 of this Notice.
- 4.2 Disclosure statements must be prepared in the following manner. Every insurer must:
- (a) within 4 months from end of its calendar year, publish in a daily newspaper widely circulating in Fiji, their most recent KDS. The contents of the KDS are outlined in section 5.0 below;
  - (b) deliver a copy of its most recent KDS to the RBF, for approval, 30 days prior to publication;
  - (c) make available for inspection at its branches and offices the insurer's most recent KDS and must be made available to any person requesting a copy; and
  - (d) host the KDS on their website for a minimum period of five years.
- 4.3 The information required to be disclosed pursuant to Part 5.0
- (a) relate to the Fiji operations of all insurers; and
  - (b) for foreign incorporated insurers, also include information relating to their global consolidated operations.
- 4.4 Where applicable, the information contained in the disclosure statement must be taken from the information contained in the audit report pursuant to Section 53 (1) of the Act.
- 4.5 The disclosure statement may contain:
- (a) such other information, including matters coming to attention since the balance date, as in the opinion of the directors it is necessary or desirable to include so as to ensure that any information contained in the disclosure statement is not false or misleading in any material particular; and
  - (b) subject to any express provision to the contrary in this Notice, may contain such other information as the directors consider appropriate.
- 4.6 The required information must include two year comparisons of performance for the calendar year for which the information is being prepared and for that immediately preceding.
- 4.7 The insurer must disclose the currency used where financial statements, or information drawn from financial statements, are disclosed in a currency other than Fiji dollars.

## 5.0 Content of Key Disclosure Statement

5.1 The disclosure statement must contain:

- (a) **Introductory Information** – the following statement: “The purpose of this disclosure statement is to provide policy holders, potential policy holders and other market participants with information about the financial condition of (insert name of the company) as required by the Reserve Bank of Fiji.”
- (b) **Corporate Information** –
  - (i) the full name of the insurer and whether operating a life insurance business or a general insurance business;
  - (ii) the year in which the insurer commenced business operations in Fiji and the regulatory framework under which it operates; and
  - (iii) if applicable, the name of the company that is the ultimate holding company of the insurer and its country of domicile.
- (c) **Profitability** –
  - (i) net profit or loss after tax for the calendar year;
  - (ii) net profit or loss after tax for the calendar year, expressed as a percentage of the average total owners’ funds; and
  - (iii) net profit or loss after tax for the calendar year, expressed as a percentage of the average total assets.
- (d) **Size** –
  - (i) total assets at the end of the calendar year; and
  - (ii) the percentage change in total assets over the calendar year.
- (e) **Solvency Requirement** –
  - (i) Adjusted Net Assets as at end of the calendar year as:
    - 1. calculated under Reserve Bank Policy Statements No. 3A and 3B for life and general insurers respectively; or
    - 2. per the Reserve Bank’s calculation.
  - (ii) Minimum Required Solvency Margin as at end of the calendar year as:
    - 1. calculated under Reserve Bank Policy Statements No. 3A and 3B for life and general insurers respectively; or
    - 2. per the Reserve Bank’s calculation.
  - (iii) Solvency Surplus which is the difference between Adjusted Net Assets and Minimum Required Solvency Margin as calculated above in (ii) and (i) respectively;
  - (iv) Total Owner’s Fund as at end of the calendar year.
- (f) **Underwriting Provisions (for General Insurers only)**
  - (i) Unearned Premium Provisions;
  - (ii) Admitted Claims; and

(iii) Claims Incurred but not reported.

**(g) Liabilities (for Life Insurers only)**

(i) Balance of Revenue account.

**(h) Reinsurance (for General Insurers only)**

(i) Reinsurance outwards; and

(ii) Reinsurance as a percentage of Gross Premiums.

**(i) Balance Sheet for the Fiji Operations** in tabular form, showing amounts that provide a true and fair view of the company's results and state of affairs as at end of the calendar year. Details are as outlined in Annexure 1 & 2.

**(j) Profit and Loss Account for the Fiji Operations** and must include, but not limited to details outlined in Annexure 1 & 2.

**(k) Financial Statements of the Global Consolidated Operations of a Foreign Incorporated Insurance Company** – The disclosure statement must contain a statement that a copy of the most recent publicly available audited financial statements for the global consolidated operations of the foreign incorporated insurance company and the foreign incorporated insurance group are available for inspection at all branches and offices in Fiji.

**(l) Availability of Disclosure Statements** – The disclosure statement must contain a statement:

(i) that additional publicly available information on the insurer's financial condition is available for inspection at the insurer's main branch (describe location) and other branches and offices; and

(ii) that copies of (insert insurer's) KDS are available at all branches and offices and on its website.

**(m) Extracts from Audited Financial Statements and Returns** – The disclosure statement must contain a statement from the insurer that the disclosure statement has been completed in accordance with this Notice and that the information contained in it has been properly taken, where applicable, from the information contained in the audit financial statements and returns pursuant to Section 60 of the Act.

## **PART III: OVERSIGHT AND IMPLEMENTATION ARRANGEMENTS**

### **6.0 Oversight of the Reserve Bank**

- 6.1 The Reserve Bank will assess the compliance of each Insurer with the requirements of this Policy in the course of its supervision.
- 6.2 Should an insurance company fail to comply with the requirements of this Policy, the Reserve Bank will impose appropriate sanctions or vary conditions on the licence to ensure compliance.

### **7.0 Implementation Arrangements**

- 7.1 This Notice applies to all life and general insurance companies licensed under the Insurance Act 1998.
- 7.2 All insurers are required to comply with this notice for calendar year ending 31 December 2011.

**Reserve Bank of Fiji  
December 2011**

Attachments:

Schedule: Interpretation

Annexure 1: Template for Disclosure Statement for Life Insurers

Annexure 2: Template for Disclosure Statement for General Insurers

## SCHEDULE

### Interpretation –

- (1) Any term or expression used in this Notice that is not defined in this Notice:
- (a) which is defined in the Act shall, unless the context otherwise requires, have the meaning given to it by the Act; and
  - (b) which is not defined in the Act and which is defined in any of the Reserve Bank of Fiji Policy Statements shall, unless the context otherwise requires, have the meaning given to it by those policy statements.
- (2) In this Notice, unless the context otherwise requires:
- ‘Act’** means the Insurance Act 1998 unless otherwise specified.
- ‘Calendar Year’** means a year starting on 1 January and ending on 31 December.
- ‘Disclosure Statement’**, in relation to an insurer, means a Public Disclosure Statement as required to be prepared under this Policy Statement Notice.
- ‘Fiji Operations’** has the same meaning as ‘Fiji insurance business’ which is defined in the Act.
- ‘Foreign Incorporated Insurance Company’** means an insurer incorporated outside Fiji and is a body corporate registered under Part X of the Companies Act to conduct insurance business in Fiji. The parent may also be an insurer in its country of domicile, authorised, registered or licensed by the appropriate insurance supervisory authority.
- ‘Foreign Incorporated Insurance Group’** means a foreign incorporated insurance company and all other entities included in the group for the purposes of public reporting of group financial statements in the country of domicile of the foreign incorporated insurance company.
- ‘General Insurance Business’** has the same meaning given to it by the Act.
- ‘Global Consolidated Operations’** means all businesses, operations, or undertakings of the foreign incorporated insurance group conducted internationally and includes the Fiji operations.
- ‘Insurer’** has the same meaning given to it by the Act.
- ‘Insurance Business’** has the same meaning given to it by the Act.
- ‘Insurance Company’** has the same meaning as an “insurer” which is defined in the Act.
- ‘Life Insurance Business’** has the same meaning given to it by the Act.
- ‘Reserve Bank of Fiji Policy Statements’** means the insurance supervision policy statements issued by the Reserve Bank of Fiji for insurers.
- ‘Total Assets’** means the sum of all assets for a calendar year.
- ‘Total Owners Funds’** means the sum of Paid Up Capital, Retained Profits (Loss), Balance of Head Office Account, Asset revaluation Reserve, General Reserve and Others.