

RESERVE BANK OF FIJI



PRESS RELEASE

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Phone : (679) 331 3611

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Fax : (679) 330 1688

E-mail : info@rbf.gov.fj

STATEMENT BY THE RESERVE BANK OF FIJI

RESERVE BANK OF FIJI 2006 INSURANCE ANNUAL REPORT

The Minister for Finance, National Planning and Sugar Industry, Mr. Mahendra Chaudhry tabled the 2006 Insurance Annual Report in Cabinet on 24 July 2007.

The report includes a review of the performance of the Fiji Insurance Industry for the year ended 31 December 2006. The report also highlights the developments in the international insurance market.

The Governor of the Reserve Bank, Mr. Savenaca Narube, in highlighting the developments in the international insurance market said that 2006 was a year free of major disasters, compared to 2005, in which the global insurance market was hit by a number of major natural disasters which impacted the cyclone and flood insurance market, where premium rates rose. The international insurance and reinsurance companies recorded good performances resulting in the growth in their balance sheet and capital base in 2006.

Mr. Narube said the domestic insurance market also performed well in 2006, where the gross premium pool grew to \$194 million. The domestic market continued to grow on the back of a soft international market with premium rates held at affordable levels. However, despite the overall good performance, the market faced some challenges. The introduction of the new international financial reporting standards had a significant impact on asset revaluation of life insurance companies which were required to produce fair values of their long-term investment holdings. This saw a fall in asset values that resulted in a reduced solvency surplus. At the same time, the performance of the general insurance market was mixed, with a number of insurers performing exceptionally well, whilst others were affected by changes in the level of technical provisioning and adjustments to assets.

Governor Narube further stated that the Reserve Bank continued to hold consultations in 2006 with the insurers and brokers to ensure they comply with the legislative and policy requirements. Looking ahead, the Reserve Bank intends to continue developing the policy environment and move towards enhancing its supervision based on sound risk assessments.

Reserve Bank of Fiji