

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK RELEASES 2005 INSURANCE ANNUAL REPORT

The Minister for Finance and National Planning, Hon. Ratu Jone Y Kubuabola today, 7th August 2006 tabled the 2005 Insurance Annual Report in Parliament.

The report includes a review of the operations of the Fiji Insurance Industry for the year ended 31 December 2005 and also highlights the developments in the international insurance market.

Highlighting developments during the year, the Governor of the Reserve Bank, Mr Savenaca Narube stated, "In 2005, the premium cycle in the international insurance market continued to fall after the substantial increase caused by the terrorist attack of 11 September 2001. International insurers have been able to rebuild their balance sheet and strengthen their capital base. However, in the last quarter of 2005, the international insurance market was hit by a series of catastrophic events. While the full effect of these losses is yet to be felt they are estimated to exceed those sustained after the events of 11 September 2001."

Mr Narube said the Fiji insurance industry maintained its growth in 2005 with healthy operating results underpinned by improved underwriting and investment performances. The total gross insurance premium collected in 2005 was \$183.8 million, more than 6 percent above the 2004 level. The solvency position of the industry strengthened in 2005, with an increase of more than 10 percent, to \$63.6 million. Total assets of the industry increased to \$728.3 million and reported an overall profit of \$48.4 million in 2005.

Governor Narube stated that the Reserve Bank continued to develop its supervision practice to bring it in line with international standards. The Bank continued work on two policy statements - Reinsurance Management Strategy and Intra-group Transactions and Exposures. These policies will be finalised in 2006 after consultation with the insurance industry. The Reserve Bank also increased its focus on risk identification and assessment and conducted its on-site reviews of insurance companies in 2005.

In conclusion, Governor Narube said, "the outlook for the Fiji insurance industry suggests improved financial performance and is envisaged to come from both the underwriting and the investment operations of insurers. For the general insurance sector, there is also the possibility that premium rates may increase as pressure of losses from the International market flow through to the local market."

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