

RESERVE BANK OF FIJI



PRESS RELEASE

Press Release No. : 31/2008

Phone : (679) 331 3611

Date : 3 December 2008

Fax : (679) 330 1688

E-mail : info@rbf.gov.fj

STATEMENT BY THE RESERVE BANK OF FIJI

RESERVE BANK OF FIJI 2007 INSURANCE ANNUAL REPORT

The Reserve Bank of Fiji's 2007 Insurance Annual Report was tabled in Cabinet on 2 December 2008.

The report reviews the performance of the Fiji Insurance Industry for the year ended 31 December 2007. The report also highlights the developments in the international insurance market.

Highlighting developments during the year, the Governor of the Reserve Bank, Mr. Savenaca Narube stated that the robust performance of the international insurance market continued throughout 2007 making it yet another good year of operations. The major global insurance and reinsurance companies recorded buoyant profitability levels that sustained growth in balance sheets and capital base. A contributing factor was the low claims experience during the year with no major international disaster.

On the local insurance market, Governor Narube said that despite the challenging trading environment faced by local insurers, the industry registered a relatively stable performance. Combined gross premium income for the local industry declined marginally to \$192.7 million and this largely stemmed from the economic difficulties encountered in 2007. Policyholders, as a result, also renewed their policies at reduced or under restrictive terms and conditions so as to enable them to afford the premiums charged. While premiums fell, the investment environment, however, yielded favourable returns on cash and fixed income investments. On a consolidated basis, the local industry recorded a solvency surplus well above the requirements of the Act. Mr. Narube also highlighted that in 2007 the domestic insurance industry was faced with the challenge of adopting the new International Financial Reporting Standards.

In concluding, Governor Narube stated that the Reserve Bank continued to develop and strengthen its prudential supervision, policy requirements and supervisory capacity in 2007 through consultation with the local industry players and technical assistance received from the International Monetary Fund and the Australian Prudential and Regulatory Authority. Looking ahead, the Reserve Bank will continue to develop policy guidelines and enhance its supervision based on sound risk assessments through both onsite and offsite supervision.

Reserve Bank of Fiji