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Verbatim Report

[VERBATIM REPORT]

STANDING COMMITTEE ON FOREIGN AFFAIRS & DEFENCE

ANNUAL REPORT

Reserve Bank of Fiji Insurance Annual Report 2023

ENTITY: Reserve Bank of Fiji (RBF)

**VENUE: Big Committee Room, Government
Buildings, Suva**

DATE: Wednesday, 13th November, 2024

VERBATIM REPORT OF THE MEETING OF THE STANDING COMMITTEE ON FOREIGN AFFAIRS AND DEFENCE HELD IN THE BIG COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON WEDNESDAY, 13TH NOVEMBER, 2024, AT 9.00 A.M.

Interviewee/ Submittee: Reserve Bank of Fiji (RBF)

In Attendance:

- (1) Mr. Ariff Ali - Governor of Reserve Bank
 - (2) Mr. Petaia Tuimanu - Acting Deputy Governor
 - (3) Ms. Savaira Manoa - Acting Chief Manager, Financial Institutions
 - (4) Ms. Lute King - Manager, Financial Institution Supervision
 - (5) Mr. Mervin Singh - Manager, Corporate Communication
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MR. CHAIRMAN. – Good morning to you all, honourable Members, and to our guests, the Governor of Reserve Bank of Fiji (RBF) and your Team. It is a pleasure to welcome everyone, especially to the viewers who are watching these proceedings.

At the outset, for information purposes, specifically pursuant to Standing Order 111(2) of Parliament, all Committee meetings are to be opened to the public and the media. However, for any sensitive information concerning the submission that cannot be disclosed in public, this can be provided to the Committee either in private or in writing. Please, be advised that pursuant to Standing Order 111(2), there are only a few specific circumstances that allow for non-disclosure, and this include:

- (1) National Security matters;
- (2) Third party confidential information;
- (3) Personnel or human resources matters; and
- (4) Committee deliberation and development of Committee’s recommendation and report.

I wish to remind honourable Members and our invited submittees that all comments and questions asked are to be addressed through the Chairman. And for those viewers watching this live on *Facebook*, questions can be asked via comments and only relevant questions will be considered by the Committee.

This is a closed Parliamentary meeting and all information gathered is covered under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. Please, bear in mind that we do not condone slander of any sort, and any information brought to this Committee should be based on fact.

In terms of the protocols of this Committee meeting, please be advised that movement in the meeting room will be restricted and minimise the usage of mobile phones and all mobile phones are to be on silent mode while the meeting is in progress.

(Introduction of Members of the Standing Committee, the Secretariat and Hansard)

This Committee’s mandate is on Foreign Affairs and Defence, as you all know, and we were referred this Report in the last Parliament Sitting and that is why you are appearing before us. Usually, you would have appeared before the Standing Committee on Economic Affairs.

Today's hearing, for those of you who are watching and listening, is on the Reserve Bank of Fiji Insurance Annual Report 2023. I now invite the Governor, thank you for coming this morning, to introduce your Team and provide us with your submission.

MR. A. ALI. At the outset, I wish to extend our appreciation to the Chairman and honourable Members of the Standing Committee on Foreign Affairs and Defence for RBF to come and present a written submission which has been shared, and that we will welcome any questions after that.

(Introduction of RBF Officials)

MR. A. ALI.- I will go through the written submission and then we can open for questions. I just want to highlight one important thing and that is, the Act says that the Reserve Bank of Fiji Insurance Annual Report should be given to the Minister within six months. Every year, we have religiously submitted that on a timely basis to the Minister and that the first Sitting after that in Parliament, which was August, is when the Insurance Annual Report gets tabled.

If you look at the Insurance Annual Report or any Reserve Bank of Fiji Annual Report, whether it is RBF or the Insurance, those are already submitted on a timely basis to the Minister or to Parliament.

MR. CHAIRMAN.- Thank you.

MR. A. ALI.- I just want to begin by stating that the risk transfer role of insurance industries is key for our economic growth. A lot really do not understand the risk transfer role. It safeguards the financial health of individuals, families, communities, businesses, financial institutions and the economy. The industry also plays an informative role in indicating existing risks in the economy and probability of loss, as well as developmental role in the capital markets by mobilizing savings for productive use.

To keep its commitment, insurance companies must be profitable and resilient and, therefore, in accordance with the mandate of ensuring financial stability, the RBF plays a crucial role in regulating and supervising the insurance industry.

Honourable Members, allow me to inform you of a recent collaboration between the RBF and two insurance companies - SUN Insurance and Tower Insurance, in partnership with Global InsuResilience Solution Fund (ISF), on a project that further enhances financial resilience among the most vulnerable groups in Fiji.

Yesterday, I, along with the UN Resident Representative, launched an insurance product. This is built on the foundation of parametric micro-insurance product developed by United Nations Capital Development Fund's (UNCDF) Pacific Insurance and Climate Adaptation Programme (PICAP) and was piloted in 2022. Over \$200,000 have been paid out to beneficiaries following the floods in early 2023.

We have now scaled up this existing parametric insurance product and over the next two years, we aim to reach 5,000 policy holders, with an expected total beneficiary of 25,000 and 45 percent of these are amongst the most poor and vulnerable population. The focus ensures that those most in need are empowered with financial protection, and that no one is left behind in our efforts to address climate change.

Basically, this product is different from any other insurance product, it is a parametric product. Parametric product, for example, is when you get house insurance, you only get insurance paid if it is cyclone covered, if it is damaged during cyclone. Parametric insurance is different - that triggers an event, and it is normally done in large groups. So, what happens with parametric insurance, you pay the premium and the trigger is like Category 3, Category 4 or Category 5 Cyclone. If a Category 3 cyclone passes, that is the trigger, you get a certain amount. They will not come and see whether your house has been damaged or not. If it is Category 4, you get a slightly higher amount, or Category 5, even a large amount, or it could be a cyclone which is wind, or the other is flood or rainfall. So, the data that is collected by the Fiji Meteorological Office or some data that is available globally, those are the triggers. They do not come and look because the amounts are relatively small in terms of premium payout, it makes sense not to come and look at it and the assumption is that, if that windspeed or rainfall come, on average most people would have been affected.

We started piloting this project in 2022 and about \$200,000 was paid to about 500 to 600 households in the West, so now, we are scaling it up to 5,000 households. As I have said, we have got SUN Insurance and Towers Insurance who are partnering with us, we also have UNCDF, and we have some funding from ISF which is about a million Euro that has been given to help start this project. The RBF has also, in the first two years, put in some funds to subsidise the premium so that we can get people to do it. Right now, we have agreed to pay the subsidy for female sugarcane farmers - those who produce less than 50 tonnes, the Social Welfare recipients, people with disabilities and we are also talking to a few other groups that we can pay their premium.

Honourable Members, let me also take you through a summary of Fiji's insurance industry and financial performance in 2023, the key legislative and prudential work carried out by the RBF, its contribution to the Sustainable Development Goals and conclude with the outlook on the industry's performance in 2024.

In terms of contributions of the insurance industry, insurance, as you know, provides an important safeguard for mitigating losses in heightened times of uncertainties and risks to consumers, businesses and, ultimately, the economy. As consumers, we are exposed to everyday risks and that includes accidents whether it is motor vehicle or house, hardship, illness, burglary or work injury. The sense of knowing that there is some form of financial protection that mitigates unexpected losses contributes to the ease of mind for individuals when these unexpected events occur and assist with quicker recovery and restoration for normal everyday routine.

Similarly, for business, the underlying objective is continuing and maintaining profits, whilst providing employment and contributing to economic activity. When faced with unexpected challenges such as cyclones or fires that disrupt their operations and impact their bottom line, insurance is one of the best financial tools that businesses can call upon. Moreover, the expansionary opportunities available for businesses wishing to take on more risk for a higher return, may also be made possible with insurance, as it safeguards for those providing funding.

Insurance companies also provide crucial support to the overall economy through their investment in government bonds, real estate, listed and unlisted entities or businesses. These holdings are ultimately circulated back into the economy to finance building construction and provide other crucial support to economic development projects nationwide. So, if someone looks at the insurance companies' balance sheet, a large amount of that is invested back, particularly in government bonds. These government bonds are ultimately used to build roads, bridges and hospital construction.

Climate change and the upsurge of insurance losses globally and in Fiji recently have underscored the importance of insurance affordability, challenging insurers to bridge the insurance protection gap. This highlights an ongoing need for the industry to not only promote insurance awareness to the general public, but also in development and offer innovative insurance solutions that meet the needs and affordability of the underserved in our community.

The Fijian insurance industry continued with its satisfactory performance in 2023, as solvency position, which is accrued, we have to say that for solvency or another one that you can say is profitability, remains adequate and positive earnings were recorded. Compared to 2022, gross assets of the insurance company grew by 7.9 percent to \$2.7 billion, making up about 9.2 percent of the total assets on the financial system.

For your information, the industry employs just around 600 people directly, but there are also a large number of agents whom they employ who are not on their payroll but most of them are working on commission basis.

The combined gross premiums of the life and general insurance sectors recorded a growth of 7.5 percent in 2023 and stood at \$440.7 million at an all-time high. So, the insurance penetration rate in Fiji, that means when you look at the total premium that is paid as a ratio of GDP, that is about 3 percent. So, we say whether it is high or low. So, when you compare with countries like USA, it is 12 percent or Singapore, it is 9.3 percent. But when you compare it with Australia, it is 4.2 percent; New Zealand, it is 3.8 percent; Malaysia, it is 5 percent; and the Maldives is 1.2 percent. Compared to developing countries, it is not really out but, yes, when you compare it with USA or Singapore, it is much lower.

Gross premiums of the general insurance grew by 10.3 percent to \$243.9 million, on the back of all classes of insurance, except for marine cargo and burglary. There are seven general insurance companies and two life insurance companies. The difference between general and life is that the life company offers basically life policy and the general offers all other policies, whether it is burglary, health, house, car, et cetera.

The fire class has, since 2020, dominated gross premium income, making about one-third of the composition, followed by motor vehicle, which is about one quarter.

On life insurance companies, there are two - BSP Life and LICL. Their gross premiums also increased by 4.2 percent to just under \$200 million, and this was attributed to the rise in underwriting of endowment policies, which offer life insurance and savings avenue for policy holders. There are two types of life policies - one is you pay every month and the other is you pay a lump sum in a single payment.

In 2023, net policy payments and claims paid out stood at \$244.5 million, an increase from \$216 million in the year before, driven by both, life and general insurance sectors. This resulted in net claims and policy payments as a percentage of gross premiums increasing from 52.7 percent to about 55.5 percent. As in the prior years, the net policy payments for life insurance was attributed to matured policies for life, surrenders and death-related payments, while the increase in claims for general insurance was mainly for medical, fire and motor vehicle classes.

The insurance industry's ability to meet its long-term obligations was also assessed as strong as both life and general insurance sectors reported strong solvency positions in 2023, but slightly lower than 2022, much really lower. The decline was largely due to a decrease in net adjusted assets of the life insurance sector only.

Similarly, all insurance companies reported a net tax profit in 2023. The combined earnings were \$33 billion, about 32.6 percent lower than the year before, and this increase was because of net claims paid out, as well as the overall increase in reinsurance costs.

Effective re-insurance arrangements amounting to about \$49.3 million continued in 2023 as a means of protecting the ongoing sustainability of the insurance industry. Re-insurance basically means that when you place insurance with local insurance, they do not take all the risks, but then re-insure themselves with other insurance companies locally so that in the event something happens, they do not have to fork out everything from them, they can then claim that from the re-insurance that they have placed.

The life insurance sector's total investments grew from \$136 million to \$1.4 billion and mostly in government securities, so they have \$851.6 million in government securities' life insurance companies, followed by shares in related parties of \$213 million. The total deposits held by the insurance industry in the banking system was about \$225.8 million, and this basically means they support the economy by placing the funds in as deposits and then the banks can then lend out to those who want to borrow.

The RBF continued with its review of the Insurance Act and specific prudential government guidelines in 2023. One notable mention was the issuance of Prudential Supervision Policy No. 2 which is on the minimum requirements for the management of cybersecurity risk for supervised entities. We see cybersecurity as one of the top three risks in the country, so all licensed financial institutions that we supervise must have a policy in terms of how they manage cybersecurity.

The RBF also announced in July this year the establishment of the Office of the Financial Services Ombudsman and the appointment of a new Ombudsperson. Serving as an important platform for resolving disputes, the Office of the Financial Services Ombudsman will be tasked with investigating, mitigating and ensuring fair resolution among consumers and financial service providers who are licensed and regulated by the RBF, including the insurance industry. In 2023, 11 complaints related to the industry were received, of which, 10 were successfully resolved, resulting in payouts to complainants. The trend in complaints over the years has been similar, when compared to the previous years. Very few complaints actually end up in court.

Another policy stance that the RBF clarified is the International Financial Reporting Standard 17. This is a very technical standard that has come in place. There is hardly anyone in Fiji who is an expert in this Standard and because of that, we have delayed the implementation of this to January 2026. Even larger accounting firms do not have expertise in this area. Because of that, this is the standard that is strongly adopted but we have delayed its implementation because we feel that some insurance companies, particularly those that are locals, need more time. Large insurance companies that have office abroad have resources and are ready to move, but some of the smaller ones do not have the expertise or are not ready so that is the reason why we have delayed the implementation to 2026.

The RBF continued to work on climate risk-related insurance during the year and, as I had mentioned earlier, we just launched the Micro-Parametric Insurance yesterday. Honourable Members, the RBF also recognised the importance of ensuring that supervised industries, including the insurance industry, continue to play a multifaceted role in meeting the SDGs for Fiji.

The impact of the insurance industry could be assessed through its contribution towards households and the private and public sector, addressing various SDGs.

I wish to highlight that we have a special group in the Bank that focusses on financial literacy. Work in this area is undertaken through various expos and through a television programme that is now in its seventh season on the FBC called, 'Noda-i-Lavo' television programme. The programme focusses on financial literacy initiatives that include insurance education, managing finances, budgeting and understanding financial products, leading to more informed consumers.

I also wish to highlight that the bundled insurance product launched with an annual premium of just \$52, now covers more than 104,000 policy holders for up to a combined claim of \$10,000 per year per policy holder. Initially designed for the sugarcane farmers, this product has continued to grow and has expanded to include rice, copra, dairy farmers, as well as the Social Welfare recipients.

I also take this opportunity to highlight that the SUN Insurance Company, on 15th August, 2024, are now a listed company on the South Pacific Stock Exchange. In our view, the issue of 30 million shares to the public and institutional investors assists in boosting economic growth, fostering innovation and creating wealth. This is something positive when companies are listed on the South Pacific Stock Exchange.

Through insurance, households can better save and borrow, so this links to SDGs 8 and 10 which addresses healthcare needs and reduces unplanned expenditure (SDG 3). For businesses, insurance enables better access to credit (SDG 9) and agriculture development (SDG 2) and fuels innovation (SDGs 9 and 17).

For governments, insurance contributes to economic growth (SDG 8), jobs and employment (SDGs 8 and 10), financial stability (SDG 10), savings (SDG 8), creates fiscal space in case of natural disasters (SDGs 1, 11, 13 and 17), supporting social security and safety nets (SDGs 1, 8 and 10), and foreign direct investment and facilitate export (SDG 17). The insurance industry directly and indirectly contributes to various SDGs.

In conclusion, the Fijian insurance industry has demonstrated its resilience to continue to report positive profitability results and maintain adequate solvency positions, despite higher claim payments and increasing reinsurance costs. Given that the Fijian economy is estimated to return to 2019 levels following a 7.5 percent growth last year, we expect the growth this year to be higher than the 2.8 percent. We will be releasing a new growth figure on Friday, so there is an upward revision to the GDP growth this year and, again, this will contribute positively to the insurance industry.

In 2024, the RBF will continue to prioritise and uphold an effective and agile regulatory framework for Fiji's insurance industry, enabling innovation for the industry to not only promote insurance awareness to the public but also develop solutions that meet the needs and affordability of all Fijians, and ensure their resilience is sustained through sound risk management.

The achievement is always contingent on the support of the insurance industry and key stakeholders, including Government, international financial institutions and development partners.

Mr. Chairman, that is the end of my written statement I am happy to answer any questions.

MR. CHAIRMAN.- Thank you, Governor, thank you for the very comprehensive presentation this morning.

Honourable Members, we are now open the floor for questions. I will very quickly kick it off with a question on the complaints that have been addressed on insurance and reading through the

report, what is the process of the complaint if you feel aggrieved by your insurance and how is it resolved?

MR. A. ALL- We have set up a Complaints Management Framework that each institution, whether it is an insurance company or a bank, needs to adopt. So, the first thing is, if you are not happy with the service or what they have given you, you go and make a complaint to them. That is always the first thing. Now, if they give you something that is unsatisfactory, then you come to RBF.

We have set up a special unit over 10 years ago and now, we have upgraded it to the Office of the Ombudsman, so basically you complain. What we then do is, we listen to you, we go and talk to the bank or the insurance company, and then we make a judgment on thinking who is right and who is wrong and try and mediate. The last thing we want is to go to court because it is a very expensive exercise and there are delays. Because we are the regulator of the financial institutions, we are the Police fan as well, and if we think in our judgment that the insurance company or the banks are at fault, then they tend to agree with us in most instances.

The challenge is when sometimes they come to us, but they also go to court. If something is reported and if you have started that process, then you have to take it, unless you want to withdraw. So, it is difficult for us to mediate when things are already in court, and in most instances, as I have said, those complaints that come to us are resolved. Actually, there was a large settlement that just happened now of a few hundred thousand dollars in terms of an insurance payout. But the banks and the insurance industry are in the service sector, there will always be complaints. Sometimes, it is a bad day, or sometimes it is to do with technology, et cetera. But they have this framework, they are in the business of dealing with customers and a lot of times, they try and solve it.

We share the data on complaints with each of the CEOs. We publish it on our website in terms of the total complaints we receive and how many were resolved. So, they are aware of the framework. In fact, in most of the institutions that we supervise, the CEOs are the key persons who look at these complaints because it is in their interest to resolve it so that it does not go to FCCC or Consumer Council or to be in the front page of the media. So, it is in their interest to solve it sooner than later.

HON. L.S. QEREQERETABUA.- Mr. Chairman, through you, thank you very much Governor. I think I speak for most of us in this Committee to say that as far as insurance is concerned, our expertise extends only to being customers of insurance companies. What interested me was the data on marine insurance, and we were having a chat about what exactly, is it the vessels themselves or is it the cargo on board the vessels or what is it?

My reason is coming back from Kadavu over the *Diwali* weekend, I took photos of the derelict vessels in the harbour. I understand from reports in the past that many a time, the Fiji Government would ask the owners of these vessels to remove them, and they will say that they do not have any money. What can insurance do to enforce that if you are going to be berthed here, restocking your vessels here in Fiji or at any port in Fiji, that you need to have enough money to be able to remove your vessel. I am just asking as an interested person.

MR. A. ALL- First of all, just on the insurance, for the large vessels, you normally insure your vessel, plus the cargo as well. In the event that I am exporting something from here to Vanua Levu or somewhere else, and something happens to the vessel, it gets damaged, or the goods get damaged, I will be paid. So, this is large companies, large vessel owners and that is what they do.

Mr. Chairman and honourable Members, the problem is that the smaller vessels sometimes find ways to beat the system. The challenge for Fiji, I must say, is that we have outer islands that are far, and we do not have enough population, and I say that from the economic point of view. Why are bus companies or the businesses in the Suva/Nausori corridor doing well? It is simply because there are lots of passengers. Now, if you have to travel to an island so far where it takes you 24 hours to go there with only 10 passengers, the average cost will go up or you will see what about other cost savings you can do. So, that is the challenge when we are dealing with remote areas and there is not enough cargo or people, therefore, it pushes up cost.

With regards to your specific question in terms of all the vessels that are there, perhas MSAF could be in a better position to answer that. However, I just feel that the sooner we take them out, the better it is. The salvage companies get someone or fine them because sometimes, these are the companies who may come again or use a different boat, so you can fine them. So, it is important that MSAF works with Ports Authority to see how best they can handle that.

When you look from the RBF building, you see a lot of things out there. Unfortunately, I do not think the insurance will be able to do unless they are fully insured, or insurance covers those types of things. For example, when you take house insurance or a fire, there are a number of things that you can take. Only if it is a fire, then they will pay but you can also top it up to say that while the house is being renovated, they can pay your rent. For example, when you pay your motor vehicle insurance, you can pay an extra small amount of premium. If your car is damaged, you can get a rental car in between for your use. So, I am not really sure whether a lot of these large vessels that come to Fiji pay insurance and additional, for when they get stuck on a reef, that can be taken out or someone pays for it.

HON. L.S. QEREQERETABUA.- Thank you, Governor, and thank you, Mr. Chairman.

HON. I. TUIWAILEVU.- Mr. Chairman, through you, given the impact of climate change in Fiji, is there any consideration for insurance cover to mitigate the climate change risks?

MR. A. ALL.- There are a number of things we can do, and I am glad that the government has gone in and has taken a policy which is the government policy in the event Fiji is impacted by a natural disaster. Again, it is parametric insurance, similar to micro-parametric. If a cyclone passes through Fiji, then that triggers in terms of how much you get in terms of payout.

Now, when it is a government insurance policy, the government decides how to spend it. Government can decide to say, "Alright, those who have been affected, we will give them money" or "We will use this money to build schools, roads or whatever that has been damaged". I am glad that the government has started with this policy, which was not there before, I think it started last year, so that is a start. Is that policy sufficient? Of course, if we get hit by a cyclone similar to *TC Winston*, I do not think it is sufficient but at least that is a great start.

The other question is, what can we do? Normally, the central bank does not get involved in these types of things. We are at the forefront of what I said the parametric insurance. We think that is really important, and I always give my own personal experience. My father used to be a fisherman. If there is a cyclone coming through, he does not go fishing and he does not go fishing a week before because the weather report will come out and say, "do not go fishing." Then during the cyclone and immediately after the cyclone, he cannot. So, the people who are mostly affected by natural disasters are poor people. People like you and me, if there is a cyclone, we get paid. But if you are small businessperson - a fisherman or a farmer, when there is a cyclone, your goods get damaged, and you do not get anything. So, we strongly feel that we really need to help those who are at the bottom of

the income spectrum. This is why we are at the forefront with Tower Insurance, Sun Insurance, UNCDF, which is again funded and supported by the Australian, New Zealand the Indian Government, and UK Government, on how we can scale this up.

We piloted this two years ago, we are scaling it up, we ourselves are setting up a special unit in the Bank to manage this parametric insurance, I am creating a special unit in the bank on climate change because I think it is really important that we need to, but we now need to see how we can scale it up. There have been some discussions on whether we can get people who are members of FNPF to be part of this, or somewhere or the other.

I know that we are also including some of the social welfare recipients to be part of this. There are some challenges also on this, there are some areas in Fiji whereby we do not have good data on rainfall or wind, some areas in Vanualevu, for example, so we have not started this pilot project in some of the areas whereby there are issues with data because if there is issue with data, what will happen is that the household, the farmer or whoever is living there will say, "My house is flooded", but we cannot verify that with data.

We thought we will start more in the Western Division and Central Division as a pilot project and hopefully, talk to the Minister and Disaster Management Office or the Fiji Meteorological Services Office to see if they can put some more of this stations or invest in it so that we can then record both data on wind and rain so that in the event we get hit, they can be pay out. We are doing what we can, this is normally not done by RBF but normally the space of Government, but we feel that given it is such a small country, we should use it to the best of our ability to help as many people as we can.

Hopefully, we will get 25,000 families covered by the end of this year or early next year and then we can see on how best we can scale it up, just like parametric micro-insurance. For your information, the bundled microinsurance product started when I used to be the Chairman of Sugarcane Growers Fund. The premium is \$1 per week, the total payout is \$10,000, so if there is a death, you get a funeral - \$1,000 and a death benefit of \$3,000. If there is fire in your house, you get \$3,000, and personal injuries up to \$3,000.

It started with Sugarcane Growers Fund of almost 11,000 farmers, then this was extended to the rice farmers, copra farmers and dairy farmers. Then Government agreed to also pay for Social Welfare recipients, and I think the age has gone up from 60 to almost close to 70. So, in the event a Social Welfare recipient passes on, their family immediately gets funeral benefit of \$1,000 and then \$3,000 as death benefit. So, the total number is \$104,000 to \$105,000 as a total amount covered under the bundled microinsurance product. Hopefully, we can scale this up in terms of the parametric insurance to that and I am sure we will all be happy if we can scale it up to that level.

HON. R.R. SHARMA.- Mr. Chairman, I have two questions. The world is ever changing and dynamic and we rapidly need to keep up. So, will there be any recommendations towards amendments to the Insurance Act 1998. Secondly, please, enlighten us about the Department of Insurance under RBF in terms of human resource, capacity in terms of looking at the number of migrants that we have leaving Fiji, vacant positions, have you been a struggle or is it up to par with running RBF Insurance Department?

MR. A. ALLI.- First of all, as you rightly pointed out, there were some amendments done in the Insurance Act 1998. Over the last 10 years or so, we have done a number of reviews because we need to look at international best practices and benchmark. We are in the process of, again, reviewing the Act. Ultimately, who tables in Parliament is this Government. Hopefully, these amendments that

we make, Government ultimately has to table it. We can make all these changes, but someone has to table this in Parliament for the changes. So, we are, again, in the process of reviewing it because things have changed.

Over the last 10 years, a lot of new standards have come in, best practices continue to evolve, so we are in the process and we hope to finalise it, hopefully, in the middle of next year and if the Government sees fit, they can then table it in Parliament in the following year or so. When we do any of our policies, whether it is the Act or any new policies, we consult our stakeholders, whether it is the banks or the insurance companies. We will continue to do that and even in the current review. We also get experts who assist us whether from ADB or the IMF or the World Bank to help us, given the best practices there are globally.

The second question is in terms of staffing. When I joined the bank some 32 to 33 years ago, we used to have the Office of the Commissioner of Insurance. So, the insurance department is a separate department. Over the years, this has been amalgamated into the RBF, so we do not have an Insurance Department anymore. We have a financial institutions group or department.

What we have realised is, instead of staff specialising only in insurance, we get them to specialise in insurance, in FNPF, the bank and the foreign exchange. For example, Savaira will be able to talk to you on insurance, about FNPF and she will be able to talk to you about banks. Likewise, Lute is from the same group. So, we train them because the supervision framework or model is similar.

One of the largest groups in the bank is the financial institutions group with staff of approximately 50. We invest a lot on our staff, particularly in terms of training both, locally and overseas. In fact, there is very few local trainings because no one offers insurance training here, so they get an opportunity to go to Singapore, Asia, or other places and get specialised insurance training, particularly from the supervision or regulators perspective, not from the insurance perspective.

We have lost about eight to 10 staff recently, about eight of them to Reserve Bank of New Zealand. The Deputy Governor sent me an email saying, "Are you concerned?" I said, "I am actually proud that our people can join Reserve Bank of New Zealand." Yes, we have lost people to Reserve Bank of New Zealand, even to Bank of England recently, but to me, that is something we are proud of, that our people are able to join these institutions, but we continue to take people. We recruit the best, I think we pay well above the market because we need to, we need the best people to ensure that your money is safe, whether it is in the bank or whether it is insurance or FBPF, that is our job, and we need to retain and train them.

We also lose people to the banks or FNPF. We train them, the banks then take them because they know that they are good, but we are happy when they go to the banks because we are blessed when they are in the banks, they understand our language. They pay slightly more than us. At the end of the day when they do their job well whether they are in the bank or at the insurance company or at the FNPF, we are happy because we know that they are ultimately helping in making sure that everyone's money is safe.

MR. CHAIRMAN.- Thank you, Governor. The few more minutes I intend to use up to an hour, a chance that you are here with us. I have a question on health insurance. For health insurance, generally speaking, if I am correct, you take out a health insurance and when you get sick, you get taken to the hospital, but you are required to pay first and then the insurer will then reimburse. I

think it is the way the health insurance in Fiji is. If that is the case, is it a normal practice around the world, where you have to pay first and then you will get reimbursed after?

MR. A. ALI.- Mr. Chairman, first of all, let me say that most people in Fiji do not take health insurance. It is sad when we have a high number of NCDs. The general feedback is that the cost is too high in terms of medical insurance. Even at the RBF, I can tell you that a significant number of staff do not take health insurance. They think that they that young. That is one of the reasons where people are younger. But when you look at the number of people who come up with cancer and some these life-threatening diseases, it is worrying with the trend that we see.

The second thing is that, because the number of people who take health insurance is low, the cost of medical evacuation is very high. When you look at a general insurance and you break it down, whether they are making profits on medical, none of them make profit on the medical side. That is just some background.

There are two types of medical insurance, one is when you need to have a surgery, either here or overseas. The other is people take insurance for outpatient. You go and see a doctor and Fiji Care and the others have this type of thing, you pay \$10, and you claim. There are two types of medical insurance. There are some whereby you do not pay anything, or you pay a small amount and the insurer pays, but some you pay and then you get reimbursed. So, there are different models, depending on who is the insurer and the type of policy that you have.

In most countries, this is how it works - you pay a small amount, and the insurer pays the balance. Unfortunately, in Fiji, there is one whereby you pay and you get reimbursed from the insurer but that is the policy that you may have chosen or your company or your family may have chosen.

MR. CHAIRMAN.- The Accident Compensation Commission Fiji (ACCF), when it was introduced years ago and running now, did they cut into the insurance sector or it complements the insurance sector?

MR. A. ALI.- I can tell you because I used to be the Chairman of ACCF, I know there is one insurance company that complained that it impacted their business. Definitely, it impacted their business in terms of third party and let me take a step back.

What is third party insurance? Third party insurance was a fault scheme. A fault scheme means that if someone crossed the road and a car that went past hit him, that person died, and the driver was drunk, under the third-party scheme because it was a fault scheme, it would be very difficult to get payout, very difficult. I did not say you will not, but it is guaranteed because it is a fault scheme, and it was reckless driving. The insurance company will say that because it was a fault scheme whereby someone was drunk. So, that is the issue with third party.

There were talks about amending the third party but as I have said, this is how it is. One of the reasons why it was changed was to make it a no-fault scheme. In the event that someone dies because the drunk person hit him, under no fault scheme he still gets compensated. So, RBF works on the legislation in terms of the initial part. I was the Chairman until last year and I think the scheme worked really well. Yes, it impacted on one or two general insurance companies that had third party insurance, but they are still making money.

The first part of the question, yes, impacted but I think it was for the overall good for the country. This is one of the legislations where I was the Chairman, and I must say that this was done during the FijiFirst Government where both sides - Opposition and Government supported it.

The number of payout, people who would not normally get paid were paid. I know initially when it happened, we had to go and educate the people and say, “You are able to claim this”. The other important thing is that you get paid very quickly, unlike a normal third party where the insurance lawyer would write and sometimes goes to court, or it is settled.

I know one of our staff got hit by a car in Pacific Harbour, they got paid about three to four years later. However, in most cases, unless there are some issues about probate, et cetera. For injuries, it takes time because under the medical rules, you need to ensure that there is enough time to see that there is recovery, then you can assess permanent disability and to what extent, so that normally takes 12 months to slightly more than 12 months. If you get injured, you do not get paid immediately afterwards, you will recover, then the doctors will assess the level of personal disability before they make a payout.

HON. R.R. SHARMA.- Regarding climate change and parametric insurance, my understanding is that RBF gets fully funded by the Government and with these initiatives coming up, there may be some other assistance or if there is other assistance coming from the UN Capital Development Fund, you mentioned one, if there is any more.

In terms of loss and damage, I am a farmer. The weather has been quite extreme recently with high humidity, temperature, unprecedented rain, and the loss and damage which has been a dialogue in COP as well. You mentioned a few farmers in terms of rice farmers and sugarcane farmers, but what about other farmers who farm lettuce and do other things, can they be insured in this? When a crop dies out because of climatic conditions, it is out of their hands.

You also mentioned that female farmers who harvest or cultivate less than 50 tonnes of sugar are, sort of, being supported by one of the schemes but what about the male farmers who are growing. So, I see with gender equality, there is a sort of gender disparity again. Please, just highlight this.

MR. A. ALL.- I think you got more than two questions. Let me start with the first one. Your statement that Government funds RBF is not correct, it is the other way around. We fund our own selves and the way we make money is we invest our foreign reserves, we have fees and charges for the banks if they do not behave but most of our income is made from the foreign reserves that we invest.

In September, we gave a record profit of \$136 million to Government. Last year, we gave \$102 million to \$103 million to Government, so Government does not fund us, we are the institution that fund our own selves and because Government is the only shareholder, we give all our profits to Government. But we keep a small amount as part of our reserves, globally \$1 million to \$2 million but the rest we transfer to Government. Last year and this year combine, we have given almost quarter billion to Government and that is what we have always been doing.

On the second part in terms of the female farmers that we support, one of the conditions of the funding that we receive from InsuResilience is that they want 45 percent of the policy holders to be females. We are saying, where can we get some female? So, we look at the numbers and we say, we are not paying fully but we are subsidizing it up to \$50. The female farmers say, ‘okay, let us keep a threshold’. We do not subsidise a farmer that produces 2,000 tonnes of cane. This is just a start, we are helping them, hopefully, more and more farmers will recognise the importance of paramedic insurance, and they will come on board. So, we say, “those right at the bottom of it” and because we need female to make sure that we meet the target and hopefully InsuResilience or some others look at it and say, “You are doing a great job”, so we have to be mindful of gender because insurance or a lot of other things, normally female participation is not there. So, we are looking at

this to make sure that we meet the target. In my discussion with the Council, that they will most probably get most of their farmers to pay for it themselves but only those at the bottom is what we are subsidising, so we are only subsidising.

The last question about getting more farmers into, for example, lettuce and others, that is something we really want to do. But we are going right now with groups whereby it is easier to aggregate. So, the Sugarcane Growers Council acts as the middle person that we work with and say, "You get all the consent from the farmers, and we will get that". So, if there is a group of farmers who can come together, do farming themselves, can do it by area, for example, they can do it at Sigatoka and say, 'all the farmers in Valley Road, let us appoint someone who will be the intermediary', but for us to go and collect premiums or get the insurance company to collect premiums from farmers all over Fiji, the cost of will be more than the premium. So, what we really need is someone to group them so that we can then work with one or two people who can act on behalf of everyone. So, more than happy to do that so that we can extend this, and this is something that we really want.

MR. CHAIRMAN.- This may be the last question from me and this has got nothing to do with insurance. In this Committee, we were also given the FIU Report. Your staff had come in and presented it to us. We will be dealing with ACCF next, hence, the question I had asked before. We are taking advantage of the fact that you are here with us. My question is on FIU, with the arrangement that is there where their line Ministry is the Ministry of Justice. That responsibility was delegated to the Governor of the RBF, and given the fact that FIU is fully funded by the RBF and is part of the Bank and in addition to that, I also had a very quick look at the Act that governs them, in that Act, the salary for the Director who works for you is determined by the Minister for Finance, according to the Financial Transactions Reporting Act 2004. If you have to go and find the information on this, you can provide the answer later. I was wondering whether you are happy with that arrangement. I know that they are a Unit that is vital for Fiji. I was thinking, why can they not just be part of RBF as a department there and not through the way it currently functions?

MR. A. ALL.- I am more than happy to answer questions as this is the time to clarify a lot of issues. So, the FIU is a very important institution in any country. Globally, given that anti money laundering and the financing of terrorism is growing, I mean, I am sure you all have seen tonnes of drugs in Spain, even in Fiji, the drug is such a big issue and lot of these anti money laundering issues are related, either to drugs or terrorism, so it is very important.

There are global agencies that come and periodically review our legislation and our framework whether we are strong in this money framework or landscape. They will be here, I think in 2026, for what we call mutual evaluation. So, they assess against a number of global benchmarks in terms of how we are doing.

So, FIU is fully funded by RBF. We provide all the administrative support to them, but they are independent. When I say they are independent, it means that the Director FIU does not attend any of the RBF policy meetings or any of these meetings and he does not share any information with me. He reports directly to the Council, but financially and administratively, we provide all the support.

The salaries and benefits of all FIU staff are similar to RBF. So, we have not treated them as second, we give them everything - in terms of uniform, in terms of benefits and in terms of salaries. We recently awarded our staff some pay increases earlier this year, we also gave them some additional retention salary increases because of labour issues, they also got it, so they get all the benefits.

The Director FIU salary is pegged to a Chief Manager salary. So, what we do periodically is the job evaluation. When the job evaluation was done, it came in a range that is similar to the Chief Manager's. The salary is paid similar to the Chief Manager's salary in the RBF.

The Director FIU has been there until he retired last year, and one of the things that we had asked him is making sure that he has a succession plan. Two of these Managers acted for six months, the first one acted and the second one is acting. The position was advertised, and the Deputy Governor and I have seen the short list, we will be interviewing shortly, and after the interview, we should be finalising something before the end of this year so that effective next year, we have someone.

I know that lot of people are saying why are they acting? We, in the bank, would like to plan, we would like to train our people, and we feel that succession plan is very important, given the technical nature of the work. So, the two of them were given equal six months to test it out, to see whether they are ready, whether they feel that they can do the job, because it is different when you act for a few weeks. We know that the Government is going to come back so that we can pass all the difficult work when they come, but when you are acting, you also have to look at the budget, you have to deal with stakeholders, you have to look after your staff, complaint, et cetera, so it is working.

There were talks about whether they should split and become an institution on its own, like some others. Basically, you are a matured institution you can become. I will not have any hesitation if Government wants to do that but what that would mean, first of all, is that Government has to fund them.

MR. CHAIRMAN.- Exactly!

MR. A. ALL.- Right now, we are funding, so that is the first thing.

Then what do you really get if they are hyped out into an independent institution? The cost is more than their salary, you have to start paying rent, you have to hire more people to look after accounting, HR, et cetera, so right now, all those services are done by RBF. I think that given the close link between FIU and our financial stability, right now, it is good that they are housed here for the moment. But as I have said, it is the government of the day, it can decide otherwise, but my advice for the moment is the RBF is working fine, and they operate independently.

MR. CHAIRMAN.- Thank you, Governor for taking a little bit more of your time. Honourable Members, that brings to an end this submission and I wish to thank you sincerely Governor and your Team, for availing yourselves to come in this morning. We were honoured to have you, and we thank you for the very comprehensive submission and the very frank discussions that we have had then. I know we strayed away from insurance a little bit, but we are taking advantage of the fact you and your team are here with us this morning.

I will add that the staff from FIU came in and presented to us. We had very good discussions with the team that came when we were dealing with the FIU Report and their report was done. Hopefully, this one will be tabled back to Parliament in the December Sitting to give a chance for honourable Members to have a look and maybe debate on it later on. However, thank you again for coming today.

MR. A. ALL.- It is always our pleasure to come and create more awareness on some very technical areas and I am pleased to say that our annual financial year is the same as Government. We have finalised our Annual Report, our financials were finalised within six weeks at the end of the

financial year, the report is given to Parliament so that is why we gave the money to Government early, and the printed version should be tabled into Parliament in December. So, thank you.

MR. CHAIRMAN.- Thank you and the meeting is now declared closed.

The Committee adjourned at 10.11a.m.

Written Responses

RESERVE BANK OF FIJI



WRITTEN SUBMISSION TO THE STANDING COMMITTEE ON FOREIGN AFFAIRS AND DEFENCE

RESERVE BANK OF FIJI INSURANCE ANNUAL REPORT 2023

1. Introduction

- At the outset, the Reserve Bank wishes to extend its appreciation to the Honourable Chair and Honourable Members, for the invitation to make a written submission to the Standing Committee on Foreign Affairs and Defence, on the Reserve Bank of Fiji's Insurance Annual Report for 2023.
- Stemming from its role of supervising and regulating the Fijian financial system, the Reserve Bank of Fiji ('RBF') has been effectively meeting its obligation to submit the Insurance Annual Report to the Minister for Finance by 30 June of the following year, in line with section 165 of the Insurance Act 1998 ('Act').
- The risk transfer role that the insurance industry plays is key to the growth of our economy. It provides the necessary safeguard for the financial health of individuals, families, communities, businesses, financial institutions and the economy. The industry also plays an information role in providing an indication of existing risks in the economy and probability of loss, and a developmental role in the capital markets, by mobilising savings for productive use.
- To be able to keep its commitments, insurance companies must be profitable and resilient. Therefore, in accordance with its mandate of ensuring financial stability, the RBF plays a key role in the regulation and supervision of the insurance industry.
- Honourable members, allow me to firstly inform you of a recent collaboration between the Reserve Bank, two local insurers – SUN Insurance and Tower in partnership with the Global InsuResilience Solutions Fund (ISF) on a project aimed

at further enhancing financial resilience among vulnerable communities in Fiji. Built on the foundations of the Parametric Microinsurance Product that was developed by the UNCDF's Pacific Insurance and Climate Adaptation Programme (PICAP) and piloted in 2022; over \$200,000 was paid out to beneficiaries following flooding in early 2023. With the scale-up of the existing parametric insurance product over an additional two-year partnership, the aim is to reach 5,000 policyholders, with an expected total of 25,000 beneficiaries, 45% of whom are among our poor and vulnerable populations. This focus ensures that those most in need are empowered with financial protection and ensuring that no one is left behind in our efforts to address climate change.

- Honourable members, let me now take you through a summary of the Fijian insurance industry's financial performance in 2023, key legislative and prudential work carried out by the RBF, its contributions to the Sustainable Development Goals (SDGs) and conclude with an outlook into the industry's performance in 2024. We will however with your indulgence, begin with sentiments on the contributions of the Fijian insurance industry.

2. Contributions of the Insurance Industry

- Insurance as we know it, provides an important safeguard for mitigating losses in heightened times of uncertainties and risks to consumers, businesses and ultimately the economic sector.
- As consumers we are exposed to everyday risks that include accidents (motor vehicle, house fire) and hardships (illness, burglary, work injury). The assurance of knowing that there is some form of financial protection that mitigates unexpected losses contributes to the 'ease of mind' for individuals when these unexpected events occur and assists with quicker recovery and restoration to the normal everyday routine.
- Similarly for businesses, the underlying objective is continuity and maintaining profits, whilst providing employment and contributing to economic activity. When faced with unexpected challenges such as cyclones or fire that disrupt their

operations and impact their bottom-line, insurance is one of the best financial tools that businesses can call upon. Moreover, the expansionary opportunities available for businesses wishing to take on more risk for a higher return, may also be made possible with insurance as it is presented as a safeguard, for those providing funding.

- Insurance companies also provide crucial support to the overall economy, in terms of the investments that they hold through government bonds, real estate investments and investments in listed/unlisted entities. These holdings are ultimately circulated back into the economy to finance building construction and provide other crucial support to economic development projects around the country.
- Climate change and the upsurge in insurance losses globally, and in Fiji in recent years have underscored the importance of insurance affordability, challenging insurers to bridge the insurance protection gap. This highlights that there is an ongoing need for the industry to not only promote insurance awareness to the general public, but to also develop and offer innovative insurance solutions that meet the needs and affordability of the underserved in our communities.

3. The Fijian Insurance Industry in 2023

- The Fijian insurance industry continued with its satisfactory performance in 2023, as solvency positions remained adequate and positive earnings levels were recorded. Compared to 2022, the gross assets of the insurance industry grew by 7.9 percent to \$2.7 billion, making up 9.2 percent of the total assets of the financial system.
- The combined gross premiums of the life and general insurance sectors recorded a growth of 7.5 percent in 2023 over the year to stand at \$440.7 million; an all-time high for a second consecutive year post COVID-19. In continuing with the trend of hovering at 3.0 percent – 4.0 percent over the last two decades, Fiji’s insurance penetration rate was recorded at 3.5 percent in 2023. As a comparison in 2022, the

insurance penetration rates range from 12 percent (United States) to 1.2 percent (Maldives), while for Australia it was 4.2 percent, New Zealand was 3.8 percent, Malaysia 5 percent and Singapore 9.3 percent.

- Gross premiums for the general insurance sector grew by 10.3 percent to \$243.9 million, on the back of all the classes of insurance except for the 'others', marine cargo and burglary. The fire class has since 2020 dominated gross premium income making up 31.7 percent of the composition, followed by motor vehicle at 24.2 percent.
- Similarly, gross premiums of the life insurance sector increased by 4.2 percent to \$196.8 million, attributed to the rise in the underwriting of endowment policies, which offer a life insurance and savings avenue for policyholders.
- In 2023, net policy payments and claims paid stood at \$244.5 million, an increase from \$216.1 million in 2022, driven by both the life and general insurance sectors. This resulted in the net claims and policy payments as a percentage of gross premiums to increase from 52.7 percent to 55.5 percent. The growth in net policy payments for the life insurers, as in the prior years, was attributed to matured policies, surrenders and deaths related payments, whilst the increase in claims paid for the general insurers were predominantly from the medical, fire and motor vehicle classes.
- The insurance industry's ability to meet its long-term obligations was also assessed as strong as both the life and general insurance sectors reported strong solvency positions in 2023; albeit noting a reduction by 17.2 percent from 2022. The decline was largely owed to a decrease in net adjusted assets for the life insurance sector.
- Similarly, whilst all the insurance companies reported a net profit tax in 2023, the combined earnings industry reduced by 32.6 percent to \$33.0 million over the year, underpinned by the increase in net claims paid and total outgoings, and the overall increase in reinsurance costs.

- Effective reinsurance arrangements amounting to \$49.3 million continued in 2023, as a means of protecting the ongoing sustainability of the insurance companies. The fire, householders and motor vehicle classes of insurance made up the majority of premiums paid to reinsurance companies offshore.
- The life insurance sector's total investments grew by \$136.0 million to \$1.4 billion, mostly in government securities (\$851.6m) and shares in related persons (\$213.1m). Total deposits held by the insurance industry in the banking system totaled \$225.8 million in 2023, supporting economic growth.
- The RBF continued with the review of the Insurance Act 1998 and specific prudential guidelines in 2023. Of notable mention was the issuance of the Prudential Supervision Policy Statement No. 2 on the *Minimum Requirements for the Management of Cybersecurity Risk by Supervised Entities* to all supervised entities, including insurance companies. This new prudential policy sets the expectation for insurance companies to manage risks arising from cyber-attacks and other related vulnerabilities.
- Notably in July of this year, the RBF also made the announcement on the establishment of the Office of the Financial Services Ombudsman and Appointment of New Ombudsperson. Serving as an impartial platform for resolving disputes, the Office of the FSO will be tasked with investigating, mediating and ensuring fair resolutions between consumers and financial service providers that are licensed and regulated by the RBF; including the insurance industry. In the year 2023, eleven complaints were received relating to the insurance industry, of which ten were successfully resolved and some, resulting in payouts for complainants. The trend in complaints over the years has been similar, and when compared with the value and number of transactions is in our view not a serious concern.

- Another policy stance that was clarified by the RBF in 2023, was on the confirmation that the implementation date for the prudential reporting under the new International Financial Reporting Standard 17 (IFRS17) would commence from January 2026. In the interim, the RBF has committed to obtaining a better understanding of the financial impact of implementing IFRS17 with the engagement of technical assistance, and duly conducting extensive consultation with the insurance companies and external auditors.
- As the RBF continued to support the work around climate risk related insurance during the year, innovative insurance solutions such as enhancements to the parametric insurance cover, and the piloting of an ‘Anticipatory Action’ cover by a general insurer were assessed and endorsed.

4. Contributions to the Sustainable Development Goals

- Honourable members, through its regulatory role, the Reserve Bank recognises the importance of ensuring that supervised industries including the insurance industry, continue to play their multi faceted roles in meeting the SDGs for Fiji.
- The impact of the insurance industry is through its contributions through households, through the private sector and through the public sector, addressing various SDGs.
- Honourable members, I wish to highlight we have a special Group (Department) in the bank, that focuses on financial literacy. Work in this area is undertaken by way of expos, and via the “*Noda-i-Lavo*” television program - which is now in its seventh season on FBC TV. The program focuses on financial literacy initiatives that includes education on insurance, as well as managing finances, budgeting, and understanding financial products, leading to more informed consumers.
- I also wish to highlight the bundled microinsurance product, launched with an annual premium of just \$52, now covers more than 100,000 policy holders for up to a combined claim of \$10,000 per year per policy holder. Initially designed for

sugar cane farmers, this product has continued to grow and has expanded to include rice, copra and dairy farmers as well as social welfare recipients.

- I also take this opportunity to highlight the listing of Sun Insurance Company on the South Pacific Stock exchange on 15 August 2024. In our view, the issue of 30 million shares to the public and institutional investors assists in boosting economic growth, fostering innovation, and creating wealth.
- Through insurance, households can better save and borrow (SDG 8 & 10), address their healthcare needs and reduce unplanned expenditure (SDG 3). For businesses, insurance enables better access to credit (SDG 9) and agriculture development (SDG 2), and fuels innovation (SDG 9 & 17). For governments, insurance contributes to economic growth (SDG 8), jobs and employment (SDG 8 & 10), financial stability (SDG 10), savings (SDG 8), creates fiscal space in case of natural disasters (SDG 1, 11, 13 & 17), its role in supplementing social safety nets (SDG 1, 8 & 10), attracts foreign direct investments and facilitates export-import activity (SDG 17).
- The safety and soundness of the insurance industry is key to ensuring that industry continues to sustainably contribute in its multi faceted roles towards the SDGs.

5. Conclusion and Outlook for 2024

- Honourable Chair and Members of the Standing Committee, to conclude, the Fijian insurance industry has demonstrated, its resilience to continue to report positive profitability results and maintain adequate solvency positions, despite higher claim payments and increasing reinsurance costs. Although recognizing that the absence of a severe natural disaster during the year has also supported these results.
- Given that the Fijian economy is also estimated to have returned to its 2019 levels, and denoting a growth of 8.0 percent in 2023, this is expected to contribute to the stable performance of the insurance industry in 2024.

- In 2024, the RBF will therefore continue to prioritise upholding an effective and agile regulatory framework for the Fijian insurance industry, enabling innovation for the industry to not only promote insurance awareness to the public, but also develop solutions that meets the needs and affordability of all Fijians, and ensure their resilience is sustained through sound risk management.
- The achievement of these outcomes are always contingent on the support of the insurance industry and other key stakeholders including Government, international financial institutions, and development partners.

Reserve Bank of Fiji

05 November 2024