



**ADDRESS AT THE LAUNCH OF BSP LIFE'S "BULA SMART"
INSURANCE PLAN**

BY

**GOVERNOR OF THE RESERVE BANK OF FIJI BARRY WHITESIDE ON
THURSDAY 16 JULY 2015 AT BSP SUVA CENTRAL, SUVA**

Mr Kevin McCarthy, BSP Fiji Country Manager
Mr Malakai Naiyaga, Managing Director, BSP Life Ltd
Members of the Board, Management and Staff of BSP Life Limited
Members of the Media
Invited Guests
Ladies and Gentlemen

Introductory Comments

Bula Vinaka, and thank you Malakai for the invitation to officiate and be with you all for this launch.

I wish to congratulate BSP Life for again raising the bar in life insurance product innovation in our small but developing market. Bula Prime was launched by the company in 2011 to assist young people and couples in their long term retirement plans. Bula Elite was introduced in 2013 as a savings and investment vehicle to support short to long term life goals, and today we are launching Bula Smart. It is a true reflection of the great effort put into innovation and understanding the needs of customers.

This launch could not have come at a better time, as we currently experience sustained buoyancy in domestic economic activity which, in my view, will positively impact the market performance of the new Bula Smart product.

Please allow me to say a few words on our economy.

The Fijian Economy

The Fijian economy in 2015 is poised for its sixth year of consecutive growth. Currently we are forecasting this year's growth at 4.3 percent, which will make it the third year in a row with growth in excess of 4 percent. What is important is that our growth continues to be broad based with all major sectors of the economy forecasted to register increases. In addition we are looking at the tourism and sugar sectors to continue to be at the forefront, with both having performed exceptionally well in 2014. We are, however, mindful of the possible adverse effects on the sugar industry of a prolonged dry spell in the west.

Investment to GDP will remain above 25 percent for the third consecutive year with the private sector underpinning this number. Private sector investment (excluding

RESERVE BANK OF FIJI



Government Funded projects) is estimated at 13.5 percent of GDP this year. New lending for investment purposes cumulative to April 2015 has grown by 75 percent from 2014 compared to annual growth of 11 percent last year.

Consumption activity has also been robust and is being sustained by a combination of factors, including lower personal income taxes, strong growth in personal inward remittances and new consumption lending by the banking sector. Forward looking indicators point to elevated activity into next year.

The RBF's twin core objectives of low inflation and a comfortable level of foreign reserves have not been under serious threat and, in fact, have been tracking better than earlier forecast.

Inflation slowed in May to 0.6 percent from 1.5 percent in April but, any upward movements in the global oil prices in the next six months would likely have an impact on this key indicator.

Foreign reserves were recorded at just under \$2 billion over the past few weeks, sufficient to cover 4.7 months of retained imports of goods and services. In Fiji dollar value terms, our reserves have never been higher.

The comfort of low inflation and a good foreign reserves position has enabled the Reserve Bank to maintain its current accommodative monetary policy stance over an extended period, to hopefully address some real challenges to growth and job creation. In this regard, policies aimed at export diversification and promotion, and import substitution remain a part of our key priorities.

The Fijian Insurance Industry

We have been saying in our recent economic commentaries that the financial sector, which includes the insurance industry, is expected to continue to provide strong contributions towards the growth we have been experiencing, and that which we are projecting.

It is envisaged that as the economy expands, there will be an increase in economic transactions through risk transfer and indemnifications, thereby increasing the demand for insurance products. Financial intermediation is therefore promoted, and life insurance, in this regard, strengthens financial stability, mobilises savings and encourages loss mitigation.

Our local insurance industry has continued to perform positively over the years and 2014 was no different, with reported satisfactory levels of asset growth, premiums collection, profitability, and adequacy of solvency capital. A key highlight of the 2014 industry performance was the increase in the total assets of the life insurance sector by 4.6 percent to an all-time high of \$1.0 billion, at the end of 2014. BSP Life contributed significantly to that growth.

RESERVE BANK OF FIJI



BSP Life

Ladies and Gentlemen, BSP Life is one of only two licensed life insurance companies in Fiji. This year, BSP Life enters its 5th year of operations under the new BSP brand, but with a rich history of over 135 years of serving the people of Fiji. The company has grown significantly, with the market value of its assets growing by around \$70 million to just under \$483 million at the end of 2014.

It is evident that BSP Life has, in a short span of five years, achieved significant success. Apart from launching three innovative products, I am aware that BSP Life has also embarked on an investment of close to \$10 million dollars to change its core administrative system, which would strategically position the company to continuously serve its expanding customer pool.

The company has experienced significant sales growth in recent years, and its persistency and inforce trends have also improved, a testament of the effective after sales support in place to ensure that customers' needs are always prioritised.

Launch of Bula Smart

Let me conclude with some remarks on the **Bula Smart** product. I understand that the product had been developed after a review of BSP Life's experience of high cancellation rates at the "new business" stage. Such identification of barriers to success should be an ongoing process, which, when managed through innovation, positions individuals to maximise their business opportunities. BSP Life has just proven this to us in the design of BULA SMART.

Furthermore, the Bula Smart life insurance plan offers 'no underwriting', and I have been told that this is a first for Fiji and the region. While it may sound like a risky business when you are selling life insurance without medical examinations, the Reserve Bank has been assured of the robust due diligence undertaken by BSP Life in the product features, the actuarial sign-off on the feasibility of the product, and the sales and marketing programme that will be put out for Bula Smart.

I must acknowledge BSP Life for delivering a unique product offering that will allow more Fijian families to be secured with a promise of protection during untimely events of loss.

On that final note Ladies and Gentlemen, I have much pleasure in officially launching BSP Life's "**Bula Smart**" product, and wish Malakai and his team every success in the roll out of the new product.

Vinaka Vakalevu.

END