

RESERVE BANK OF FIJI



**Welcome Remarks by Reserve Bank of Fiji Governor, Barry Whiteside, at
the Fiji Media Association Insurance Awareness Workshop on Wednesday
5 October 2016**

Salutations

Members of the Media Association
Insurance Beneficiaries, who will share their experiences with us today
Fellow Stakeholders in our Fijian Financial Inclusion journey
Colleagues, Ladies and Gentlemen
Bula vinaka and good morning to you all!

Introduction

It is certainly a pleasure to welcome you to this Insurance Awareness Workshop which, for the Reserve Bank and our fellow stakeholders in financial inclusion, is the first event of our six-week-long Insurance Education Awareness Campaign.

Last week some of you may recall the 2015 Insurance Annual Report was tabled in Parliament by the Honorable Minister for Economy. The Report is an annual publication required to be prepared by the Reserve Bank and submitted to the Minister by the 30th of June every year, before being tabled in Parliament. This report contains very useful information about the overall performance and “health” of the insurance industry in Fiji. The annual process allows for public scrutiny and accountability of both the RBF as the regulator and supervisor of the insurance industry, and of the industry itself.

Nevertheless, despite these annual disclosures by the RBF, and a sound and robust insurance industry, it is a worry that the penetration and uptake of insurance by individuals in Fiji is very low. It is quite clear that the vast majority of our population is vulnerable to any form of catastrophe which may hit them or their family members at any time. Such catastrophes could include accidents, ill health, the sudden death of a bread-winner, and property damage or loss due to accidents, fire and natural disasters.

Such events can drive families into the untimely use of their life savings and pension funds, or even to borrow from family, friends, banks or money lenders, and often leads to a greater dependence on social welfare and other financial support from Government and the community at large. Often this is insufficient to completely and quickly bring back the quality of life that these families knew before the catastrophe. And often the burden shifts on others to help. We have all seen this following TC Winston, and in such circumstances the low income communities are particularly susceptible.

How do we future-proof ourselves and our country and its citizens against all these risks?



What we are doing

As part of Fiji's national financial inclusion strategy the Reserve Bank is working in partnership with the Pacific Financial Inclusion Programme and members of the Insurance Council and the Inclusive Insurance Working Group (which is one of four working groups of our National Financial Inclusion Taskforce), to raise awareness and understanding of insurance.

As I indicated earlier, taking out an insurance policy in Fiji is not the norm for our citizens. According to the 2015 National Financial Services Demand Side Survey Report, just 12 percent of our adult population has any type of insurance cover.

The top three reasons reported by survey respondents for not buying insurance were:

- They do not need it;
- They do not know what it is, or how it works;
- They find insurance too expensive

Amongst those that claim they do not need insurance, I would like to think that perhaps they don't fully understand it. Clearly with the first two you can appreciate that a lot of work is needed to bring about greater public awareness and education on insurance.

With the third common answer of insurance being too expensive, while I feel the respondents do have a pertinent point, a growing part of our financial inclusion work of taking affordable financial services to the excluded and low income communities is being concentrated in the area of insurance. You will hear more today on some exciting new products specifically designed for this space.

But going back to those first two reasons, to address the awareness and education gap in the market we are today launching a six-week media campaign to break down these barriers. And we need your help!

We believe that by working together with you, the media, we can demystify all (or at least most) of the negative perceptions about insurance. You can assist us in helping our fellow Fijians:

- to better understand how insurance works as a critical risk mitigation tool, assisting them to quickly rehabilitate or recover from a disaster or when an accident or ill health suddenly hits them or a member of their family;
- to also understand that they do not necessarily need to draw down their life savings or pension funds which they will need to see them through later in life; and,



- that they need not necessarily have to rely on the compassion of others to help rebuild their lives.

The Workshop

In today's workshop we will share with you some basic insurance concepts and issues that we hope will lead to better understanding and more reporting in the media.

You will also hear some moving real life testimonies, including about how a Fijian family benefited due to the foresight of a loved one. Despite the great personal tragedy suffered by the family in losing their husband and father, there was a silver lining shining through in that their loved one was thinking of them and how they could continue life without him when he took out his insurance policy. Others will share how they covered the value of their property and business with an insurance policy and how they were quickly able to get back on their feet again after a disaster.

Unfortunately, these stories in our Fijian context would, I fear, not be the norm. There will sadly be many more stories out there of families who are going through tremendous hardship because they did not have any insurance when their houses were razed by fire or destroyed by TC Winston. There will be other families who have to turn to the State and the compassion of the community around them because they have lost their sole bread-winner who did not have insurance or sufficient savings. It is really heartbreaking to witness this and while we know that the State and our people will rally around the less fortunate in times of great struggle, it is important that we do what we can to future-proof ourselves and our families against potential risks we face in our everyday lives.

Ladies and Gentlemen, by working together, we can raise awareness that there is a range of affordable insurance products out there for more people to protect their loved ones, themselves and their assets from the unexpected events they may face in their lives.

We invite you take time to read our Insurance Annual Report whenever one is released and assist us in trying to educate and share information about insurance, so that more people will consider buying insurance as a risk mitigation tool rather than relying on loans or funds from their own life savings or family and friends.

Do enjoy the program today and ask a lot of questions as I am sure there will be a lot to think and talk about.

Vinaka.