

RESERVE BANK OF FIJI



PRESS RELEASE

Press Release No. : 31/2009

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Date : 17 August 2009

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RESERVE BANK OF FIJI 2008 INSURANCE ANNUAL REPORT

The Prime Minister and Minister for Finance, Commodore Josia Voreqe Bainimarama tabled the 2008 Insurance Annual Report in Cabinet on 11 August 2009.

The Report reviews the performance of the Fiji Insurance Industry for the year ended 31 December 2008 and includes highlights on developments in the international insurance market.

In releasing the 2008 Insurance Annual Report the Governor of the Reserve Bank, Mr Sada Reddy, said that 2008 was one of the most difficult years in the international insurance market. The international insurance market was hit by a number of major natural disasters making it the second costliest year in insurance history after 2005, with catastrophe losses alone exceeding US\$50 billion.

Despite a very challenging year on the international scene, Governor Reddy, however, noted that the Fiji insurance industry continued to be sound, well capitalised and well managed. The industry recorded a solvency surplus of \$78.4 million, though this is a reduction from 2007 due mainly to the fall in values of long-term investment holdings of life insurers. The general insurance sector, on the other hand, continued to record an increased solvency surplus. Combined gross premiums for the insurance industry grew by 4.6 percent in 2008, and this is attributed to local insurers providing affordable insurance coverage.

Mr Reddy went on to say that the Reserve Bank continued to hold prudential consultations in 2008 with the licensed insurers and brokers. The Insurance Taskforce with representatives of the insurance industry and the Reserve Bank was re-activated in 2008, in which relevant issues to the industry were discussed and necessary actions taken.

According to Mr Reddy the insurance industry envisages yet another challenging year in 2009. He hopes that the insurance industry will carefully manage the various insurance risks, remain solvent and maintain and increase operational efficiency so that there is little or no upward pressure on domestic premiums. This will assist in the economic recovery of Fiji in these challenging economic times.

The Reserve Bank will continue to closely liaise with the industry on issues of mutual interest with regard to developing regulations and policies for the effective supervision of the insurance industry in Fiji.