

RESERVE BANK OF FIJI

PRESS RELEASE



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RESERVE BANK OF FIJI RELEASES 2019 INSURANCE ANNUAL REPORT

The 2019 Insurance Annual Report has been released by the Reserve Bank of Fiji following its tabling in Parliament by the Honorable Minister for Economy, Mr Aiyaz Sayed-Khaiyum on 04 September 2020. The Report provides an overview of the performance of the Fijian insurance industry in 2019, with a reflection of key developments in the global insurance industry.

In releasing the Report, the Reserve Bank of Fiji Governor Mr Ariff Ali stated that “the global insurance and reinsurance industry remained resilient, playing a vital role in post-disaster financial recovery, and providing finance to affected customers. Domestically, the Fijian insurance industry mirrored the resilience of the global industry, registering continued growth in 2019 with the expansion of the industry’s balance sheet, improved profitability and a strong solvency position.”

The Fijian insurance industry recorded a positive performance in 2019 underpinned by the growth in the total assets of domestic insurers by 7.5 percent to \$1.9 billion. Total assets of life insurers grew by 6.2 percent to \$1.4 billion with the general insurance sector’s assets increasing more strongly by 12.1 percent to \$428.0 million. Gross premiums of the general insurance sector grew by 5.4 percent to \$216.8 million, attributed to the medical, fire and motor vehicle classes, while life insurance premiums reported a similar growth to \$149.9 million, underpinned by the higher premiums received from endowment and whole of life classes.

The absence of significant loss events in 2019 led to the slight reduction in the total net policy payments and claims paid by the insurance industry which stood at \$223.1 million. While the general insurance sector recorded a decrease in claims paid by 12.2 percent to \$93.2 million, life insurers paid out \$129.9 million, an increase of 9.3 percent.

Notwithstanding the strong assessment for the insurance industry in 2019, 2020 has presented significant challenges for global economies as well as the financial services industry, due to the COVID-19 pandemic. Governor Ali highlighted that the Fijian economy will contract sharply in 2020, with prospects for a rebound in 2021 still being clouded by uncertainty. Local insurers while in a position of strength with accumulated solvency surpluses over the past years, will face challenges as demand for insurance products dampens given the prevailing labour market conditions.

Amidst the ‘new normal’, the effects of climate change is expected to persist which calls for continued efforts to increase coverage for disaster risk. The Reserve Bank will continue to enhance its work on institution specific monitoring, and ongoing macro-prudential surveillance. Work on the review of the Insurance Act 1998 will continue in 2020, together with the development and issuance of necessary prudential supervision policies.

The Reserve Bank remains grateful for the support of the insurance industry, and the assistance of international institutions, development partners, and the Government, in its regulatory role for the insurance industry.

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