STANDING COMMITTEE ON ECONOMIC AFFAIRS

Consolidated Review Report of the Reserve Bank of Fiji Insurance Annual Report 2021 and 2022

ANNEXURE

ANNEX 1

WRITTEN SUBMISSION & POWERPOINT PRESENTATIONS

Insurance Industry in Fiji and Consumer Challenges

Presentation to the Parliamentary Standing Committee on Economic Affairs

www.consumersfiji.org

Consumer Council of Fiji

1 April 2025

Introduction and Background

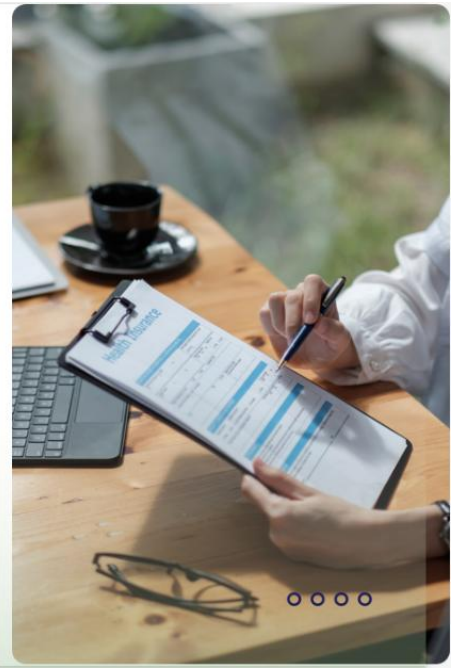
- Insurance is a key pillar of financial security and risk management for many Fijians.
- Despite the presence of established insurers, consumers face significant barriers.
- Focus: Health, Life, and Vehicle Insurance — key areas of consumer concern.
- Objective: Highlight challenges and propose consumer-focused solutions

QUESTION 1: WHAT ARE THE COMMON TYPES OF INSURANCE COMPLAINTS RECEIVED?

1. Vehicle Insurance Complaints (78 cases)
- Delays in claim processing
- Disputes over coverage terms
- Repair and replacement issues
- Unfair claim rejection

2. Life Insurance Complaints (31 cases)
- Delayed payouts
- Policy lapses due to missed payments
- Disputes over beneficiary designations
- Complex claim requirements

3. Health Insurance Complaints (20 cases)
- Claim denials for pre-existing conditions
- Limits on coverage
- Network restrictions
- Slow reimbursement process



COMMON TYPES OF INSURANCE COMPLAINTS RECEIVED

Other Categories (Cumulative 87 cases)
- Payout Issues (20 cases)
- Administrative Complaints (14 cases)
- Money Back Plan Complaints (11 cases)
- Policy Document Issues (10 cases)
- Refund Issues (7 cases)
- Property Insurance Complaints (5 cases)
- Account Update Issues (6 cases)
- Premium Increases (2 cases)
- Payment Holiday Issues (2 cases)
- Coverage Complaints (1 case)
- Policy Update Issues (1 case)
- Parametric Microinsurance Issues (1 case)
- Travel Insurance Complaints (1 case)
- Increase in Premium (1 case)
- Payments Not Recorded (1 case)

QUESTION 2: PROVIDE A BREAKDOWN ON NUMBER AND NATURE OF COMPLAINTS FROM 2019-2024?

Number of complaints from 2019-2024

Year	Registered Complaints	Monetary Value
2019	41	$159,000+
2020	26	$73,000+
2021	30	$574,000+
2022	51	$530,000+
2023	33	$107,000+
2024	35	$279,000+
TOTAL	**216**	**$1,726,000+**

Most Frequently Occurring Complaints

Vehicle Insurance

• Delayed claims processing – Policyholders report long waiting periods for settlement due to procedural bottlenecks and communication gaps.
• Disputes over coverage terms – Ambiguities in policy wording and exclusions contribute to rejected or reduced claims.
• Repair and replacement issues – Complaints about substandard repairs and use of non-original parts are common.

Life Insurance

• Delayed payouts – Families and beneficiaries report difficulties in accessing death benefits due to verification delays.
• Policy lapses – Missed premium payments and inadequate communication about policy status lead to unintended lapses.
• Beneficiary disputes – Lack of clarity in designating beneficiaries or updating records causes conflicts during payout.

Health Insurance

• Claim denials – Policyholders report claims being denied for pre-existing conditions or unclear coverage limits.
• Slow reimbursement – Delays in processing medical expenses create financial strain for policyholders.
• Network limitations – Restricted access to preferred healthcare providers leads to dissatisfaction.

3 Key Patterns Across the Board

1. Operational inefficiencies
Delays in claim processing and policy updates point to weak internal systems and poor coordination among departments.

2. Communication gaps
Misunderstanding of policy terms and inadequate customer support lead to policyholder frustration.

3. Ambiguous policy terms
Unclear definitions of coverage limits and exclusions contribute to disputes.

QUESTION 3: BRIEFLY OUTLINE THE SPECIFIC INSURANCE PRODUCTS OR COMPANIES THAT GENERATE MORE COMPLAINTS?

Companies with the highest complaint values:

- Life Insurance Corporation of India (LICI) – 68 complaints
- New India Assurance Co. Ltd – 49 complaints
- BSP Life Insurance – 24 complaints
- Tower Insurance (Fiji) Limited – 23 complaints
- Fiji Care Insurance Limited – 16 complaints

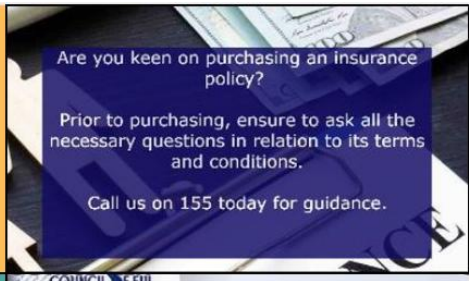
Key Takeaways

- Life, motor, and medical insurance generate the most complaints, often due to unclear terms, claim delays, and undervaluation.
- LICI and New India Assurance lead in complaints, but this may be influenced by their larger customer base.
- Fiji Care and BSP Life also show notable complaint volumes, suggesting recurring issues in medical and life insurance sectors.

QUESTION 4: HOW DO YOU EDUCATE CONSUMERS ON THEIR RIGHTS AND RESPONSIBILITIES ON INSURANCE POLICIES OR PRODUCTS? PROVIDE SAMPLES OF HOW AWARENESS IS CONDUCTED?

- Community Visits, Mobile Units, Workshops, Financial literacy campaigns with other key stakeholders, Lecture Visits.
- Radio Talkback shows, newspaper feature articles, press releases.

Social Media Advisories



- Samples of social media posts on Insurance issues/ advisories on the Council's Facebook page and other social media platforms.

QUESTION 5: DO YOU COLLABORATE WITH RBF OR INSURANCE ASSOCIATION OF FIJI TO ADDRESS SYSTEMIC ISSUES IN THE INSURANCE INDUSTRIES? IF SO, WHAT WERE THE ISSUES DISCUSSED AND THE OUTCOME?

Collaboration through the Consumer Protection & Financial Capability Working Group. This partnership focuses on:

- Raising consumer awareness on financial education.
- Building crucial life skill that empowers individuals to make informed financial decisions, avoid financial traps, and achieve long-term financial stability.

Complaints Management Forum

- Previously Engaged: Council actively participated in Complaints Management Forum
- *Current Status*: Forum now largely inactive and ineffective
- *Original Purpose*: Address consumer complaints against RBF-licensed financial institutions
- *Poor Outcomes:*
  - Minimal progress achieved through meetings
  - No meaningful resolutions for consumers

Council Assessment: Overall forum performance has been disappointing

QUESTION 6: WHAT CHANGES WOULD YOU RECOMMEND IN THE INSURANCE ACT OR PRACTICES TO RBF?

1. Strengthening Consumer Rights in the Insurance Act/ Simplifying Insurance Policies for Consumer Clarity

2. Reforming Surrender and Forfeiture Rules

3. Improving Claims and Complaints Handling

4. Enhancing RBF's Regulatory Role

5. Denied Claims Tribunal

6. Closing Regulatory Gaps

7. Enforcing Industry Best Practices

QUESTION 7: IN RELATION TO SURRENDER OF POLICIES, CAN CONSUMER COUNCIL PROVIDE INFORMATION ON THE NUMBER OF DAYS GIVEN TO SURRENDER INSURANCE POLICIES WITH FULL REFUND IN AUSTRALIA AND NEW ZEALAND? AND, AFTER HOW MANY YEARS CAN A PARTIAL REFUND BE GIVEN BASED ON THE SURRENDER VALUE? DO THEIR INSURANCE POLICIES PROVIDE FORMULA TO CALCULATE SURRENDER VALUE?

Australia

1. Cooling-Off Period:
   - The Insurance Contracts Act 1984 provides policyholders with a 14-day cooling-off period for most insurance policies. During this period, policyholders can cancel their policy and receive a full refund of premiums paid, provided no claims have been made. This applies to life, health, and general insurance policies.

2. Partial Refunds:
   - The Life Insurance Act 1995 governs the surrender of life insurance policies. According to Section 207 of the Act, policyholders who have paid premiums for at least three years may request to surrender their policy and receive the surrender value.

New Zealand

1. Cooling-Off Period:
• The Financial Markets Conduct Act 2013 provides policyholders with a 15-30 working-day cooling-off period. During this period, policyholders can cancel their policy and receive a full refund of premiums paid, provided no claims have been made.

2. Partial Refunds:
• Although, no specified mandatory period after which surrender values must be available, it is common practice for policies to accrue a surrender value after a certain period, often around three years.

Fiji

By contrast, Fiji's Insurance Act 1998 contains no explicit cooling-off provisions, leaving consumers vulnerable to rushed decisions without recourse.

Strengthening Fiji's Insurance Sector

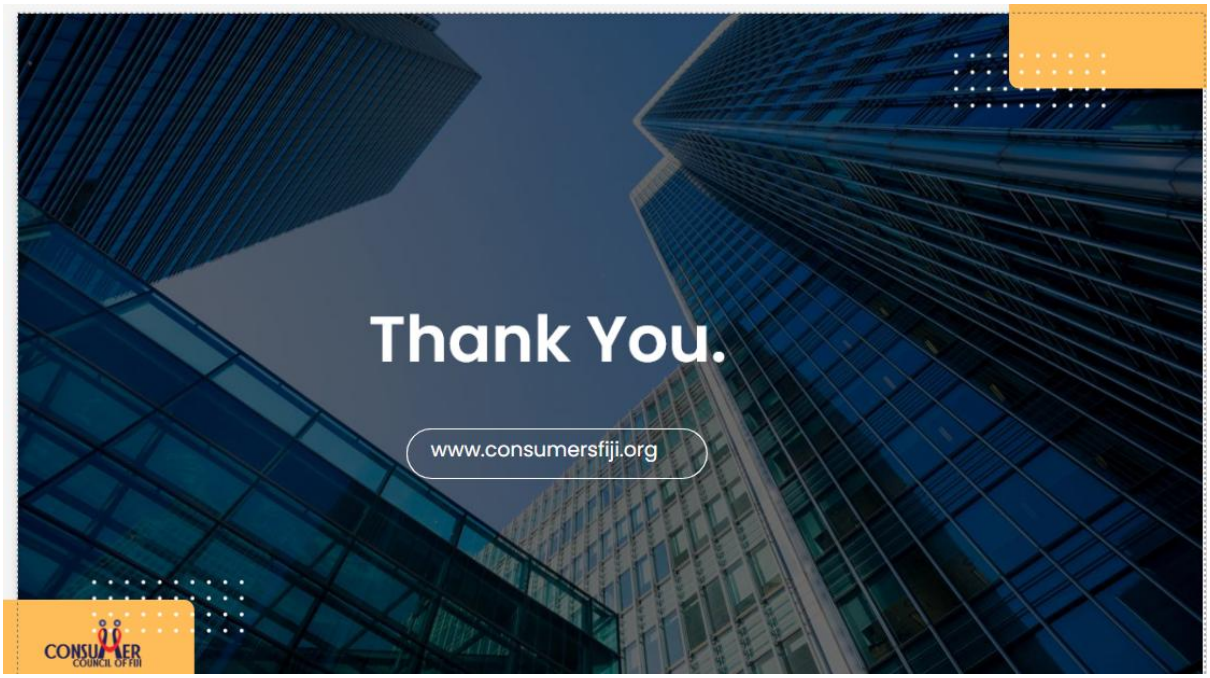
Cooling-Off Period Reform
- Introduce 14–30-day cancellation window with full refunds (if no claims)
- Align Fiji with Australia & New Zealand's standards

Surrender Value Reforms
- Reduce waiting period from 3 years → 1 year
- Establish minimum surrender value percentages
- Ensure clear disclosure of calculation methods

Transparency & Consumer Protection
- Mandate surrender value calculators in policies
- Standardize disclosure formats for better comparison
- Require annual insurer reports to the Reserve Bank of Fiji

QUESTION 8: CAN CONSUMER COUNCIL EXPLAIN WHY THE FIJI INSURANCE INDUSTRY REPORT 2008 IS NOT AVAILABLE ON CONSUMER COUNCIL WEBSITE?

The Fiji Insurance Industry Report 2008 is not currently available on the Consumer Council's website as older reports have been archived when the website was revamped in 2022. This step was undertaken because the bandwidth of the website is limited hence priority is given to recent consumers resources. However, the Council remains committed to transparency and public access to information—if specific details from the report are required, we do have hard copies in the Council's registry.



Public Submission – Parliamentary Standing Committee on Economic Affairs

1 April 2025

1. Consumer Council of Fiji's Role

The Consumer Council of Fiji (CCoF) as the statutory representative of consumers in Fiji is required by the Consumer Council of Fiji Act 1976, Section 6(1) *"to do all such acts and things that it may consider necessary or expedient to ensure that the interests of consumers of goods and services are promoted and protected".* The Council is obliged to make representation to the Government or to any other organization/persons on any issues affecting the interests of consumers. CCoF is the leading recipient of consumer complaints, undertakes market surveillance, price monitoring and product scrutiny and consumer research.

2. Background

The insurance industry plays a pivotal role in the economic and social development of Fiji. As a key pillar of the financial sector, insurance provides a safety net for individuals, businesses, and the government by mitigating financial risks and enhancing economic resilience. The growth and stability of the insurance sector are crucial for fostering investor confidence, supporting business continuity, and promoting long-term economic stability in the face of natural disasters and other financial shocks.

Fiji's insurance market has evolved significantly over the past few decades, shaped by domestic economic conditions, regulatory changes, and global market trends. The industry encompasses a diverse range of products and services, including life insurance, health insurance, general insurance (such as property and motor vehicle insurance), and reinsurance. The regulatory framework, led by the Reserve Bank of Fiji (RBF), ensures that insurers operate in a stable and transparent environment while safeguarding the interests of policyholders.

This submission presents a detailed analysis and addresses the committee's inquiries in full.

3. Responses

Please find below the responses to the questions raised by the Committee.

QUESTION 1: WHAT ARE THE COMMON TYPES OF INSURANCE COMPLAINTS RECEIVED?

Common Types of Insurance Complaints Received

The insurance industry in Fiji faces a range of complaints from policyholders, reflecting issues in claim processing, policy management, and customer service. Understanding these complaints is essential for improving customer satisfaction, strengthening regulatory oversight, and enhancing the overall efficiency of the industry. A detailed analysis of the most common types of complaints is outlined below:

1. Vehicle Insurance Complaints (78 cases)

Vehicle insurance complaints represent the highest volume of grievances, indicating significant dissatisfaction among policyholders. These complaints often involve:

- Delays in claim processing – Lengthy turnaround times for claim settlements due to complex internal procedures or lack of communication between insurers and repair service providers.
- Disputes over coverage terms – Policyholders may face claim denials or reduced payouts due to ambiguous policy terms or lack of understanding of covered damages.
- Repair and replacement issues – Disagreements over the quality of repairs, use of non-genuine parts, and delays in vehicle replacement contribute to customer dissatisfaction.
- Unfair claim rejection – Insurers may deny claims based on technicalities such as non-disclosure of information or policy lapses, leading to frustration among customers.

2. Life Insurance Complaints (31 cases)

Complaints related to life insurance often reflect misunderstandings or miscommunication about policy terms and payout conditions. Key issues include:

- Delayed payouts – Families and beneficiaries report delays in receiving death benefits due to lengthy verification processes or incomplete documentation.
- Policy lapses due to missed payments – Policyholders may not receive adequate notice before their policy lapses, leading to loss of coverage.
- Payout discrepancies – Policyholders frequently dispute settlements that are significantly lower than the coverage amounts originally guaranteed in their policies.
- Complex claim requirements – Excessive paperwork and unclear claim guidelines create barriers for policyholders trying to access benefits.

3. Health Insurance Complaints (20 cases)

Health insurance complaints frequently involve challenges in accessing medical services and claim reimbursements. Common issues include:

- Claim denials for pre-existing conditions – Policyholders may find their claims denied due to undisclosed pre-existing conditions or unclear coverage terms.
- Limits on coverage – Caps on hospitalization, medication, or surgical expenses may not meet policyholders' expectations or healthcare needs.
- Network restrictions – Limited availability of network hospitals or healthcare providers often results in out-of-pocket expenses for policyholders.
- Slow reimbursement process – Policyholders report delays in receiving reimbursements for out-of-pocket medical expenses.

4. Administrative Complaints (22 cases)

Administrative complaints reflect inefficiencies in policy management and customer service, including:

- Incorrect policy details – Errors in policyholder information, such as incorrect names, addresses, or policy terms, can affect claims and coverage.
- Billing errors – Overcharging, double billing, interest payment on a reversed loan or failure to disclose the interest calculation method on a policy loan.

- Lack of communication – Delayed responses to customer queries and failure to provide timely policy updates create frustration among policyholders.
- Processing delays – Changes in beneficiary information, contact details, or coverage levels are not updated promptly.
- Incorrect policy records – Outdated or incorrect details in the insurer's system can lead to claim disputes.
- Failure to record payments – leads to policy lapse as coverage may be terminated due to perceived non-payment and this also eventuates into claim rejection

5. Payout Issues (20 cases)

Payout complaints often stem from disputes over the amount or timing of payments. Policyholders face issues such as:

- Partial payouts – Insurers may approve only a portion of the claimed amount, citing exclusions or lack of supporting evidence.
- Payment delays – Long processing times and bureaucratic hurdles delay the release of funds, causing financial strain for policyholders.
- Disputed claims – Differences in damage assessments or conflicting interpretations of policy terms lead to payout disputes.

6. Money Back Plan Complaints (11 cases)

Money back plans are intended to provide periodic payments to policyholders, but complaints arise due to:

- Missed payments – Insurers may fail to make scheduled payments due to system errors or lack of follow-through.
- Unclear payout terms – Misunderstanding of payout conditions or timelines often leads to dissatisfaction.
- Reduction in benefits – Unexpected changes to policy terms that reduce the expected payout amount.

7. Policy Document Issues (11 cases)

Complaints regarding policy documents often stem from:

- Missing or incomplete documents – Policyholders may not receive the full policy document, leading to confusion about terms and coverage.
- Unclear language – Complex or ambiguous wording in policy documents can lead to misinterpretation and disputes during claims.
- Inaccurate information – Incorrect policy terms or beneficiary details can cause complications during claim processing.

8. Refund Issues (7 cases)

Refund complaints arise when policyholders seek to cancel or modify their policies:

- Delayed refunds – Policyholders report long waiting periods for receiving refunds after policy cancellation.
- Unexplained deductions – Refund amounts may be reduced without clear explanation from the insurer.
- Policy lock-in periods – Policyholders may face penalties or reduced refunds due to lock-in periods or hidden fees.

9. Property Insurance Complaints (5 cases)

Property insurance complaints typically involve damage assessment and claim processing issues:

- Underpayment of claims – Insurers may undervalue property damage, resulting in lower payouts.
- Delayed damage assessment – Slow response times from loss assessors prolong the claim settlement process.
- Denial of claims – Claims may be denied due to technicalities or perceived lack of maintenance.

10. Premium Increases (3 cases)

Policyholders have expressed dissatisfaction over unexplained premium hikes:

- Lack of transparency – Insurers may fail to notify policyholders about rate changes or provide clear explanations for the increase.
- Sudden or excessive increases – Steep increases in premiums without adequate justification create financial strain.

11. Payment Holiday Issues (2 cases)

Payment holidays allow policyholders to pause premium payments, but complaints often involve:

- Accumulation of interest – Policyholders may face higher costs due to accrued interest during the holiday period.
- Coverage lapses – Lack of clarity about how payment holidays affect policy status and coverage.

12. Coverage Complaints (1 case)

Complaints about coverage are often linked to policy exclusions and limitations:

- Denial of claims for specific incidents – Policyholders may discover that certain events are excluded from coverage.
- Misunderstanding of terms – Lack of clarity about covered risks and policy limits.

13. Parametric Microinsurance Issues (1 case)

Parametric microinsurance is designed to provide quick payouts based on predefined triggers, but issues include:

- Trigger disputes – Disagreements over whether a qualifying event occurred.
- Delayed payouts – Slow response times in verifying and processing claims.

14. Travel Insurance Complaints (1 case)

Travel insurance complaints generally involve:

- Claim denials – Claims may be rejected due to insufficient documentation or pre-existing conditions.
- Lack of coverage for trip cancellations – Policyholders may discover exclusions only after attempting to file a claim.

15. House Insurance Complaints (1 case)

House insurance complaints typically involve:

- Undervaluation of damages – Disputes over the assessment and value of property damage.
- Claim denial – Insurers may deny claims due to technical issues or inadequate documentation.

QUESTION 2: PROVIDE A BREAKDOWN ON NUMBER AND NATURE OF COMPLAINTS FROM 2019-2024?

The insurance industry in Fiji received a total of **216 complaints** between **2019 and 2024**, with a combined monetary value of approximately **FJD 1.73 million**.

Table 1: Number of Complaints 2019-2024

Year	Registered complaints	Monetary value
2019	41	$ 159,510.32
2020	26	$ 73,540.56
2021	30	$ 574,288.06
2022	51	$ 530,894.22
2023	33	$ 107,949.03
2024	35	$ 279,988.30
TOTAL	**216**	**$ 1,726,170.49**

Most Frequently Occurring Complaints and Underlying Issues

A deeper analysis of the complaint data highlights key areas where policyholders have consistently raised concerns:

(i) Vehicle Insurance Complaints

Vehicle insurance represents the highest category of complaints, reflecting dissatisfaction with:

- **Delayed claims processing** – Policyholders report long waiting periods for settlement due to procedural bottlenecks and communication gaps.
- **Disputes over coverage terms** – Ambiguities in policy wording and exclusions contribute to rejected or reduced claims.
- **Repair and replacement issues** – Complaints about substandard repairs and use of non-original parts are common.

Trend:

- Vehicle-related complaints have remained high across all years, indicating a systemic issue with claim settlement and repair service coordination.

(ii) Life Insurance Complaints

Life insurance complaints frequently involve:

- **Delayed payouts** – Families and beneficiaries report difficulties in accessing death benefits due to verification delays.
- **Policy lapses** – Missed premium payments and inadequate communication about policy status lead to unintended lapses.
- **Beneficiary disputes** – Lack of clarity in designating beneficiaries or updating records causes conflicts during payout.

Trend:

- Life insurance complaints spiked in **2021** and **2022**, reflecting challenges in handling death claims and managing beneficiary disputes during the pandemic period.

(iii) Health Insurance Complaints

Health insurance complaints often stem from:

- **Claim denials** – Policyholders report claims being denied for pre-existing conditions or unclear coverage limits.
- **Slow reimbursement** – Delays in processing medical expenses create financial strain for policyholders.
- **Network limitations** – Restricted access to preferred healthcare providers leads to dissatisfaction.

Trend:

- Health insurance complaints increased in **2021** and **2022**, likely driven by increased medical costs and heightened demand for healthcare services.

Key Patterns and Underlying Causes

A closer examination of trends reveals several key drivers behind the complaints:

- **Operational inefficiencies** – Delays in claim processing and policy updates point to weak internal systems and poor coordination among departments.
- **Communication gaps** – Misunderstanding of policy terms and inadequate customer support lead to policyholder frustration.
- **Ambiguous policy terms** – Unclear definitions of coverage limits and exclusions contribute to disputes.

CASE STUDIES

1. Life Insurance: Unfair Surrender Value Policies

A policyholder withdrew two life insurance policies after paying $11,000 in premiums but received only $1,000 as the surrender value. The insurance company justified this by stating that early surrender would result in a significantly reduced payout, as outlined in the policy terms. The complainant argued that the disparity between premiums paid and the surrender value was excessive and misleading, raising concerns about transparency and fairness in surrender value calculations across the industry.

2. Medical Insurance: Exclusion Disputes and Delayed Responses

A patient with endometriosis was denied coverage for overseas surgery by their insurer, which classified the procedure as fertility treatment—an exclusion under their policy. Despite medical evidence supporting the necessity of the surgery, the insurer delayed responding to the complaint, forcing the patient to seek alternative insurance. This case highlights broader issues with arbitrary claim denials, unclear policy exclusions, and inadequate communication from insurers.

3. Motor Vehicle Insurance

3.1. : Underpayment on Total Loss Claims

A taxi owner insured their vehicle for $15,000, but after it was written off in an accident, the insurer offered only $6,000 as settlement. The complainant disputed this, arguing that the offer did not reflect the vehicle's market value. Following pushback, the insurer increased the settlement to $10,250, acknowledging the discrepancy. This case underscores a recurring problem of insurers undervaluing total loss claims, leaving policyholders undercompensated without external intervention.

3.2. Incomplete Repairs and Disputed Assessments

After an accident, a policyholder’s vehicle was repaired under an insurer-approved quote, but critical issues remained unresolved, including malfunctioning dashboard lights, 4WD system errors, and faulty central locking. When the complainant reported these problems, the insurer refused additional funding, claiming the repairs were complete. This case highlights a recurring industry issue where insurers prioritize cost-cutting over proper repairs, leaving policyholders with unsafe or substandard vehicle conditions.

4. Medical Insurance: Arbitrary Exclusions for Dental Procedures

A policyholder under a group insurance plan sought coverage for their daughter's dental surgery, which included surgical removal, orthodontic treatment, and follow-up care. The insurer denied the claim, citing standard policy exclusions for dental procedures. However, the complainant later discovered that their inherited policy terms (due to a corporate acquisition) did not explicitly exclude such treatments. After prolonged disputes, the insurer agreed to partial coverage—but only if the surgery was completed by a strict deadline. This case reveals inconsistencies in policy exclusions and the unfair burden placed on consumers to navigate unclear terms.

5. Property Insurance: Theft Claim Denied Due to Ambiguous Policy Wording

A business owner filed a claim after employees' laptops were stolen from a locked vehicle. The insurer denied coverage, arguing their policy excluded theft from vehicles. However, the policy document contained conflicting clauses—one stating theft was only covered if the vehicle was "fully enclosed and securely locked," while another implied broader exclusions. The lack of clarity in policy wording forced the complainant into a lengthy dispute, underscoring how insurers often use ambiguous language to avoid valid claims.

QUESTION 3: BRIEFLY OUTLINE THE SPECIFIC INSURANCE PRODUCTS OR COMPANIES THAT GENERATE MORE COMPLAINTS?

The complaint data reveals that certain insurance providers and products generate significantly more grievances than others.. Below is an analysis of the key trends:

1. **Companies with the Highest Complaint Volumes**

- **Life Insurance Corporation of India (LICI) – 68 complaints**
    - Dominates complaints in life insurance, particularly over claim denials, surrender value disputes, and delays in processing.
- **New India Assurance Co. Ltd – 49 complaints**
    - Primarily motor insurance disputes, including undervalued claims, delayed repairs, sudden premium increases and coverage disagreements.
- **BSP Life Insurance – 24 complaints**
    - Issues include non-issuance of policy documents, delays in refunds, and surrender value disputes.
- **Tower Insurance (Fiji) Limited – 23 complaints**
    - Complaints involve motor insurance (e.g., low payouts for vehicles) and unclear policy terms.
- **Fiji Care Insurance Limited – 16 complaints**
    - Medical insurance disputes, especially claim denials for dental and overseas treatments, and also on limited selection of hospitals.
- **Sun Insurance – 7 complaints**

- Complaints involve motor insurance (e.g., low payouts for vehicles) and unclear policy terms.

2. **Insurance Products with Recurring Issues**

- **Life Insurance** (LICI, BSP Life)
  - Surrender value disputes, delays in policy issuance, and claim processing inefficiencies.
- **Motor Insurance** (New India Assurance, Sun Insurance, Tower Insurance)
  - Underpayment on total loss claims, incomplete repairs, and disputes over coverage terms.
- **Medical Insurance** (Fiji Care, AON)
  - Claim denials based on policy exclusions (.

3. **Market Share Consideration**

While **LICI, New India Assurance, and BSP Life** top the complaint tally,. insurers like **Sun Insurance (5 complaints)** or **Dominion Insurance (3 complaints)** have fewer complaints.

Key Takeaways

- **Life, motor, and medical insurance** generate the most complaints, often due to unclear terms, claim delays, and undervaluation.
- **LICI and New India Assurance** lead in complaints.
- **Fiji Care and BSP Life** also show notable complaint volumes, suggesting recurring issues in medical and life insurance sectors.

QUESTION 4: HOW DO YOU EDUCATE CONSUMERS ON THEIR RIGHTS AND RESPONSIBILITIES ON INSURANCE POLICIES OR PRODUCTS? PROVIDE SAMPLES OF HOW AWARENESS IS CONDUCTED?

The Consumer Council of Fiji educates consumers on their rights and responsibilities regarding insurance policies and products through a combination of awareness campaigns, educational materials, community outreach, and handling consumer complaints**.** Below are some key methods used:

Consumer Awareness Campaigns

- **Social Media Posts & Graphics:** The Council regularly posts infographics, consumer tips, and case studies on platforms like Facebook and Twitter to highlight key rights, such as claim procedures and policy exclusions.
- **Television & Radio Segments:** The Council collaborates with local TV and radio stations to discuss insurance-related issues, such as misleading policies or claim disputes.

- **Newspaper Articles & Press Releases:** Articles are published to inform the public about common issues like delayed claims, policy misinterpretations, and the importance of reading the fine print.

Educational Materials

- **Consumer Guides & Brochures:** These are distributed in public places, outlining different types of insurance, common pitfalls, and consumer rights under Fiji's laws.
- **FAQs & Online Resources:** The Council's website hosts FAQs and downloadable guides on topics like travel, health, and vehicle insurance.

Community Outreach & Workshops

- **Community Awareness Sessions:** The Council conducts face-to-face sessions, especially targeting rural areas where access to insurance information is limited.
- **University & School Programs:** Partnerships with tertiary institutions help educate young consumers on financial literacy, including insurance matters.

Handling Consumer Complaints

- **Case Resolution & Advocacy:** The Council assists consumers facing unfair insurance practices by mediating with companies and escalating unresolved disputes to relevant authorities.
- **Public Alerts & Warnings:** If a pattern of misconduct is identified (e.g., unfair rejection of claims), the Council issues public advisories.

QUESTION 5: DO YOU COLLABORATE WITH RBF OR INSURANCE ASSOCIATION OF FIJI TO ADDRESS SYSTEMIC ISSUES IN THE INSURANCE INDUSTRIES? IF SO, WHAT WERE THE ISSUES DISCUSSED AND THE OUTCOME?

Yes, we collaborate with the Reserve Bank of Fiji (RBF) as a member of the Consumer Protection & Financial Capability Working Group. This partnership focuses on:

- Raising consumer awareness on financial education.
- Building crucial life skill that empowers individuals to make informed financial decisions, avoid financial traps, and achieve long-term financial stability.

Additionally, we previously engaged through the Complaints Management Forum, though this forum is now largely inactive. The Complaints Management Forum was established to look into similar and trivial issues against financial institutions which are licensed by the Reserve Bank of Fiji and nothing much has eventuated at the forum meetings. However, based on the various meetings the Council has attended, little progress has been made. It has been disappointing to observe that the forum has not achieved meaningful outcomes.

Limitations of Our Role

As an advocacy body, we:

- Refer complaints to regulators and insurers.
- Push for fairer industry practices through dialogue.
- Cannot enforce decisions or compel insurers/RBF to act.

QUESTION 6: WHAT CHANGES WOULD YOU RECOMMEND IN THE INSURANCE ACT OR PRACTICES TO RBF?

The current regulatory framework and industry practices in Fiji's insurance sector require significant reforms to address systemic consumer protection issues. Based on persistent complaints and gaps in oversight, we propose the following key changes to the **Insurance Act** 1998 and **RBF's regulatory practices**:

1. Strengthening Consumer Rights in the Insurance Act/ Simplifying Insurance Policies for Consumer Clarity

The Insurance Act 1998 should be amended to mandate plain-language policies with bolded exclusions and summaries of key terms, ensuring consumers fully understand their coverage before purchase. Pre-sale disclosure must become a legal requirement—insurers should be prohibited from withholding policy documents until after payment or signing. To protect against buyer's remorse and mis-selling, a 28-day cooling-off period should apply to all insurance products (not just life insurance), allowing refunds if the final policy terms differ from what was advertised. Additionally, the Act should impose heavy fines on agents and brokers who misrepresent coverage or fail to disclose critical exclusions, as misleading sales tactics remain a recurring complaint.

2. Reforming Surrender and Forfeiture Rules

Life insurance surrender values are a major pain point, with many policyholders receiving minimal payouts despite years of premium payments. The Act should standardize surrender value calculations, guaranteeing a minimum percentage (e.g., 30-50% of premiums paid) to prevent exploitative forfeitures. The current three-year waiting period before receiving any surrender value should be reduced to one or two years to limit consumer losses. Furthermore, insurers must provide a surrender value calculator at the point of sale, ensuring transparency from the outset.

3. Improving Claims and Complaints Handling

Delays and unfair denials in claims processing erode consumer trust. The Act should set strict legal time limits (e.g., 30-60 days) for claim settlements, with penalties for unjustified delays. For health insurance, independent medical panels—rather than insurer-appointed doctors—should assess treatment approvals to prevent bias. Policies must also cover medically recommended procedures, not just the cheapest options, as "lowest-cost treatment" clauses often deny patients necessary care.

4. Enhancing RBF's Regulatory Role

The RBF must take a more proactive approach to enforcement. This includes conducting random policy audits to detect hidden exclusions and fine-print abuses, as well as publicly naming insurers and brokers who repeatedly violate consumer protection rules. To improve transparency, the RBF should publish annual consumer reports detailing claim denial rates, average surrender values, and complaint resolution statistics per insurer.

The Financial Ombudsman's role should be expanded to issue binding rulings, compelling insurers to pay valid claims or compensate for misconduct. Currently, the Ombudsman's decisions are not enforceable, leaving consumers without recourse. Strengthening this body would provide a fair, low-cost alternative to litigation.

5. Denied Claims Tribunal

To enhance consumer protection, a Denied Claims Tribunal should be established, modeled after effective systems like Australia's AFCA and New Zealand's IFSO. This independent body would provide free, accessible dispute resolution for insurance claims, with binding decisions for insurers and claim limits comparable to international standards (e.g., up to $1M for general insurance). Offering a transparent process with 90-day resolutions for standard cases, it would serve as a cost-effective alternative to litigation while ensuring fair outcomes for policyholders and accountability for insurers. Such a tribunal would significantly improve trust in the insurance sector by delivering timely justice without burdening consumers with legal expenses.

6. Closing Regulatory Gaps

The Act should bring informal insurance providers (e.g., credit unions, cooperatives) under regulation to prevent uninsured risks. Conflicts of interest must also be addressed—for example, prohibiting insurers from owning brokerages, as seen in FijiCare's "Direct Broker" model, which can lead to biased advice. Additionally, the fire levy system needs accountability; consumer representation on the National Fire Authority Board would ensure funds are used appropriately.

7. Enforcing Industry Best Practices

To raise professional standards, mandatory licensing exams should be introduced for agents and brokers, testing their knowledge of policy terms, ethics, and consumer rights. The RBF should also approve standardized policy templates for common products (e.g., motor, health insurance) to prevent deceptive variations in wording. Finally, a centralized RBF policy database would allow consumers to verify terms before purchasing, reducing disputes over misrepresented coverage.

QUESTION 7: IN RELATION TO SURRENDER OF POLICIES, CAN CONSUMER COUNCIL PROVIDE INFORMATION ON THE NUMBER OF DAYS GIVEN TO SURRENDER INSURANCE POLICIES WITH FULL REFUND IN AUSTRALIA AND NEW ZEALAND? AND, AFTER HOW MANY YEARS CAN A PARTIAL REFUND BE GIVEN BASED ON THE SURRENDER VALUE? DO THEIR INSURANCE POLICIES PROVIDE FORMULA TO CALCULATE SURRENDER VALUE?

The Consumer Council has conducted a detailed examination of insurance surrender policies across Australia, New Zealand and Fiji, revealing significant differences in consumer protection frameworks. This analysis highlights opportunities for Fiji to strengthen its regulatory approach to better protect policyholders.

1. **Cooling-Off Periods and Full Refund Provisions**

Australia:

1. **Cooling-Off Period:**

- ***Duration and Applicability*:** The *Insurance Contracts Act 1984* provides policyholders with a **14-day cooling-off period** for most insurance policies. During this period, policyholders can cancel their policy and receive a full refund of premiums paid, provided no claims have been made. This provision offers consumers crucial time to review policy terms without financial penalty. This applies to various types of insurance, including life, health, and general insurance policies.

2. **Partial Refunds:**

- ***Life Insurance Policies***: The *Life Insurance Act 1995* governs the surrender of life insurance policies. According to Section 207 of the Act, policyholders who have paid premiums for at least three years may request to surrender their policy and receive the surrender value.

New Zealand

1. **Cooling-Off Period*:***

- ***Duration and Applicability***: The *Financial Markets Conduct Act 2013* provides policyholders with a 15-30 working-day cooling-off period for certain financial products, including insurance policies. Similar to Australia, this allows policy cancellations with full refunds when exercised within the specified timeframe. Both nations mandate these consumer protections through their respective financial services legislation. During this period, policyholders can cancel their policy and receive a full refund of premiums paid, provided no claims have been made.

2. **Partial Refunds:**

- ***Life Insurance Policies***: The *Insurance (Prudential Supervision) Act 2010* governs life insurance policies in New Zealand. While the Act does not specify a mandatory period after which surrender values must be available, it is common practice for policies to accrue a surrender value after a certain period, often around three years.

By contrast, **Fiji's Insurance Act 1998 contains no explicit cooling-off provisions**, leaving consumers vulnerable to rushed decisions without recourse. This represents a significant consumer protection gap that should be addressed through legislative reform.

3. **Surrender Value Calculation Methods**

In both Australia and New Zealand, insurance companies have surrender value calculators or tools on their websites to help policyholders estimate the potential cash value they could receive if they choose to surrender their policy early and the calculation method is also outlined in the policy document.

Australia

The calculation of the surrender value is determined by the terms set out in the policy and must comply with minimum standards prescribed by the Australian Prudential Regulation Authority (APRA). APRA's Prudential Standard LPS 360 outlines the requirements for termination values, minimum surrender values, and paid-up values, ensuring policyholders receive fair and reasonable benefits upon surrender. Australia maintains the most structured approach to surrender values through **Prudential Standard LPS 360**, which establishes:

- Minimum termination values based on precise actuarial formulas.
- Progressive scales increasing surrender values after 3+ years of premium payments.
- Clear differentiation between policy types (whole life, term life, etc.).

The Australian formulas incorporate multiple variables including:

- Sum insured amounts.
- Premiums paid and duration.
- Present value calculations.
- Bonus additions (where applicable).

New Zealand

The specific formula for calculating the surrender value is typically outlined in the policy document and must adhere to the standards set forth in the Act. New Zealand takes a more principles-based approach. While no statutory formulas exist, insurers must:

- Disclose surrender value methodologies in policy documents.
- Apply consistent calculation methods.
- Provide reasonable values based on premiums paid and policy duration.

Fiji's framework under **Section 136 of the Insurance Act 1998** establishes basic surrender rights but lacks detailed standards:

- Minimum 3-year waiting period before surrender.
- No prescribed calculation methodology.
- Reserve Bank discretion to suspend surrender payments.
- No transparency requirements for value calculations.

Fiji's insurance sector would benefit significantly from implementing a standard cooling-off period for all life insurance policies. Drawing from regional best practices, policymakers

should introduce a 14 to 30-day cancellation window during which policyholders can surrender their coverage and receive a full refund of premiums paid, provided no claims have been made. This reform would align Fiji with consumer protection standards in Australia and New Zealand, giving policyholders adequate time to review terms without financial penalty.

Regarding surrender value regulations, Fiji should reduce the current three-year waiting period before policyholders can access any surrender value. A more reasonable one-year threshold would better balance consumer rights with insurer obligations. Additionally, regulators should establish minimum surrender value percentages—similar to Australia's tiered system—where the payout increases progressively based on the duration of premium payments. To ensure fairness, insurers must clearly disclose their calculation methods in policy documents, enabling consumers to make informed decisions.

Transparency requirements must also be strengthened. Insurers should be mandated to provide surrender value calculators or tables in policy documents, allowing consumers to estimate potential payouts before purchasing coverage. Standardizing disclosure formats would further enhance comparability across different policies. Moreover, insurers should be required to submit annual reports on surrender value statistics, including average payout ratios and complaint trends, to the Reserve Bank of Fiji for monitoring and enforcement.

To reinforce these reforms, Fiji must strengthen regulatory oversight. This includes developing prudential standards for surrender values, ensuring calculations are actuarially sound while protecting consumer interests. The current provision allowing the Reserve Bank to discretionarily suspend surrender payments (under Section 136 of the Insurance Act) should be removed, as it creates uncertainty for policyholders. Instead, a formal consumer redress mechanism—such as an independent insurance ombudsman—should be established to resolve disputes fairly and efficiently.

Implementation Considerations

These reforms should be introduced in a phased manner to allow insurers time to adjust their systems and pricing models. Simultaneously, the Reserve Bank of Fiji will need capacity-building initiatives to enhance its supervisory capabilities, particularly in evaluating surrender value calculations. Consumer education campaigns should accompany these changes to ensure policyholders understand their rights and options. Finally, a regular review mechanism should be instituted to assess the impact of these reforms and make adjustments as needed.

The experiences of Australia and New Zealand demonstrate that clear rules, robust disclosure, and strong oversight lead to better outcomes for both policyholders and insurers in the long term.

QUESTION 8: CAN CONSUMER COUNCIL EXPLAIN WHY THE FIJI INSURANCE INDUSTRY REPORT 2008 IS NOT AVAILABLE ON CONSUMER COUNCIL WEBSITE?

The **Fiji Insurance Industry Report 2008** is no longer available on our website. As part of our website redesign (6 May 2022), older reports were archived to optimize bandwidth usage, with priority given to maintaining current consumer resources. However, the Council remains committed to transparency and public access to information—if specific details from the report are required, we do have hard copies in the Council's registry.

INSURANCE COMPLAINTS AND FCCC

FIJIAN COMPETITION & CONSUMER COMMISSION

Fiji BUSINESS EXCELLENCE AWARDS

PRESENTER: TBD

ACKNOWLEDGEMENT

FCCC acknowledges the traditional owners of the lands where we meet today, and honours the traditional owners, custodians, and rightful guardians of the beautiful islands of Fiji.

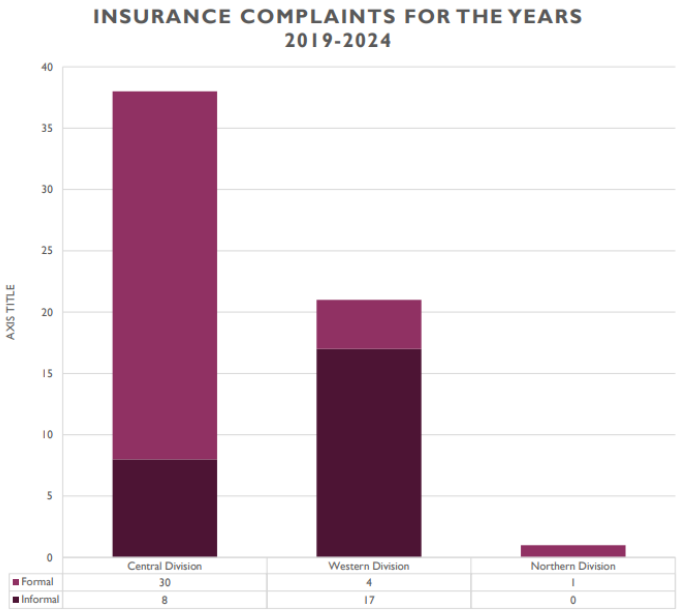
We deeply appreciate their enduring bond with the land, sea, and vibrant community that make Fiji great.

In sincere appreciation of the profound cultural heritage and wisdom, we pay our deepest respects to the esteemed Elders of the past, the revered leaders of the present, and the visionary custodians who will shape Fiji's future.

INTRODUCTION

- The Fijian Competition & Consumer Commission (FCCC) plays a critical role in protecting consumer rights and ensuring fair practices, including tangentially dealing with insurance related complaints.
- This presentation highlights the nature and volume of insurance-related complaints received from consumers between 2019 and 2024.
- Understanding common complaint types and key offenders helps identify areas for improvement.

NUMBER OF COMPLAINTS RECEIVED



COMMON TYPES OF COMPLAINTS AND COMMON OFFENDER

Common Types:

- Vehicle insurance claims rejected or delayed.
- Payments not received or improperly registered.
- Issues relating to policy surrender and refunds.
- Incorrect insurance amounts paid out.

Common Offenders:

- **New India Assurance:** Most frequent complaints, especially vehicle insurance claims.
- **Sun Insurance:** Issues mainly with payments and misinformation.
- **Capital Insurance:** Concerns with incorrect payout amounts.

CONCLUSION

- The majority of complaints relate to vehicle insurance and delays or refusals in payments.
- Regulatory bodies (like RBF) could help further enhance accountability, however without clear insight into their processes, FCCC cannot give a definitive recommendation.
- Importance of clear policy communication and transparency from insurance providers to reduce disputes.


FIJIAN
COMPETITION &
CONSUMER
COMMISSION
Vinaka

Insurance Annual Reports 2021-2022 Questions Fijian Competition & Consumer Commission

1. What are the common types of insurance complaints received?
The most common are vehicle insurance claims not being accepted and payouts not done, or not done on time.

2. Provide a breakdown on number and nature of complaints from 2019-2024?
21 informal complaints and 35 formal complaints were received. The full breakdown is in appendix.

3. Briefly outline the specific insurance products or companies that generate more complaints?

New India Assurance had the majority of complaints, primarily not paying out claims or not accepting them.

4. How do you educate consumers on their rights and responsibilities on insurance policies or products? Provide samples of how awareness is conducted?
Specific awareness targeting insurance policies or products is not carried out. Consumer rights and responsibilities in relation to overall rights and responsibilities are focused upon. For example, failure to supply is a breach of Section 87I. This breach is highlighted with a focus on adapting to any industry for a consumer. In other words, they are able to see the breach regardless of the goods or services being procured.

5. Do you collaborate with RBF or Insurance Association of Fiji to address systemic issues in the insurance industries? If so, what were the issues discussed and the outcome?
No, we do not, although complainants are asked to refer to the relevant authority such as RBF, where relevant.

6. What changes would you recommend in the Insurance Act or practices to RBF?
The FCCC does not regulate or enforce the Insurance Act and may not be the appropriate authority to respond on matters related to it. However, if a review of the Act is undertaken, we are willing to provide our input in our capacity as a consumer enforcement body and recommend for strong regulations in this areas which should bring positive impact on Consumers and their protection. Additionally, as the Reserve Bank of Fiji (RBF) operates independently of FCCC, we do not have full visibility into their processes and practices and are therefore not in a position to comment on them.

7. In relation to surrender of policies, can FCCC provide information on the number of days given to surrender insurance policies with full refund in Australia and New Zealand? And, after how many years can a partial refund be given based on the surrender value? Do their insurance policies provide formula to calculate surrender value?

The matter raised falls outside the regulatory scope of FCCC, as we do not oversee or regulate surrender policies.

Informal Complaints Total (2019-2024) - 25

WESTERN	Year	Company Name	Number of Complaints
	2020	BSP Life	1
		Tower Insurance	1
		New India Assurance	3
		LICI	5
		Capital Insurance	1
	2022	BSP Life	1
		New India Assurance	1
	2023	BSP Life	1
	2024	New India Assurance	1
		BSP Life	1
		QBE Insurance	1
	TOTAL		**17**
CENTRAL	Year	Company Name	Number of Complaints
	2023	New India Assurance	2
		Capital Insurance	1
	2024	New India Assurance	2
		BSP Life	1
		Sun Insurance	2
	TOTAL		**8**

Nature of Complaints
• Insurance payment not registered • Insurance claim not paid • Refunding of Fee • Validating Vehicle Insurance Claim • Surrendering of policy • Insurance payment not done due to pandemic • Payments not received into complainant's account • Failing to release vehicle insurance claim • Vehicle met with an accident, and nothing done till date • Funds sent to wrong account • Depreciation • Policy not released • Invalid policy query • Release of insurance funds

FORMAL COMPLAINTS TOTAL (2019-2024) - 35

WESTERN			CENTRAL			NORTHERN		
Company Name	Number of Complaints	Nature of Complaints	Company Name	Number of Complaints	Nature of Complaints	Company Name	Number of Complaints	Nature of Complaints
Sun Insurance	1	Failing to pay for damages	**Capital Insurance**	8	Incorrect insurance amount paid out	**New India Insurance**	1	Vehicle Insurance
Fiji Care Insurance	1	Medical policy			Vehicle Insurance Claim			
Tower Insurance	1	Policy misplaced			Medical Insurance coverage issue			
Capital Insurance	1	Vehicle Insurance			Medical Insurance coverage issue			
					Vehicle Insurance Claim for accident			
					House Construction Insurance			
					Vehicle Insurance Claim			
					Vehicle Insurance Claim			
			New India Assuarance	6	Vehicle Insurance Claim			
					Vehicle Insurance Claim			
					Insurance company sold the vehicle with had fines unpaid.			
					Vehicle Insurance Claim			
					Insurance company not providing the breakdown for the charges.			
					Vehicle Insurance Claim declined and customer is asked to pay the decline fee.			
			BSP Life	1	Policy issue			
			Fiji Care Insurance Limited	4	pending fines which needs to be cleared by Fiji Care			
					possible case of price gouging and/or anti-competitive market behaviour.			
					Medical Insurance coverage issue			
					the complainant was not allowed to enter the Fiji Care Office to lodge the application but was not allowed to enter as he did not have a Fiji Care App.			
			LICI Insurance	4	Seeking FCCC 's assistance on how his policy was handled at LICI when he surrender it.			
					Agent was given the cheque for the policy,			

					which was not debited into the customers policy account.			
					Policy Surrender issue			
					Policy handling			
					Vehicle Pending Fine not paid by the insurance company			
					not refunding the complainant the right amount of money			
			Sun Insurance	5	Person wrongfully being requested to pay for MVA damages caused by a vehicle.			
					Vehicle insurance claim			
					Incorrect Information provided to the customer			
					Vehicle insurance claim			
			Tower Insurance Fiji	2	Vehicle insurance claim			

RESERVE BANK OF FIJI RESPONSES TO THE STANDING COMMITTEE ON ECONOMIC AFFAIRS QUESTIONS on THE RESERVE BANK'S FIJI INSURANCE ANNUAL REPORTS 2021 and 2022

INTRODUCTION

The Reserve Bank of Fiji (RBF, Reserve Bank), as the supervisor of the insurance industry in Fiji welcomes the queries directed at the 2021 and 2022 Insurance Annual Report.

In carrying out its regulatory and supervisory functions, the Reserve Bank aims to ensure the soundness of each licensed insurance entity, and the stability of the insurance industry, to protect policyholders.

The following sections provide the Reserve Bank's responses to the Standing Committee's questions.

RESPONSES TO STANDING COMMITTEE QUESTIONS

Standing Committee Question No. 1:

What measures are being undertaken to encourage insurance companies to offer affordable and accessible products to all segments of the population?

Response:

The RBF works collaboratively on an ongoing basis with relevant stakeholders and insurance companies in exploring affordable and accessible insurance products. In this regard, the following initiatives have and continue to be undertaken:

(i) Establishment of a Working Group on Inclusive Insurance under the National Financial Inclusion Taskforce, to lead initiatives on financial literacy, awareness, and product innovation.

(ii) A first ever microinsurance bundled product that includes cover for term life, funeral, property and personal accident was developed for low-income households. An important aspect of this product was the support from the Government for subsidizing a portion of premium for vulnerable groups, such as the social welfare recipients.

(iii) The RBF is collaborating with insurance companies (such as Sun Insurance and Tower Insurance) and the InsuResilience Solutions Fund, to introduce new and scale up existing climate risk parametric insurance products for vulnerable communities throughout Fiji. An officer of the RBF's leadership team has been seconded to this project, whereby the target is to provide access to climate risk insurance products for 5,000 climate-vulnerable households.

(iv) On 14 March 2025, the RBF and the Ministry of Women, Children and Social Protection signed an agreement to formalize insurance premium subsidy support for 2,000 social welfare recipients. this agreement will enable access to micro parametric insurance coverage from SUN Insurance, thereby providing crucial financial protection against climate and disaster risks for some of Fiji's most vulnerable populations. The milestone initiative is part of a grant-funded project led by the RBF in partnership with Tower Insurance and SUN Insurance, co-financed by the InsuResilience Solutions

Fund (ISF). Its overarching objective is to enhance financial resilience among at-risk communities.

Standing Committee Question No. 2:
How does RBF ensure that profitability and ~~in~~solvency of a company is balanced with new products and affordable premiums for consumers?

Response:
An insurance company's core activity is the assumption of risks, whereby most of its liabilities comprise obligations to policyholders. As such, insurance companies must employ prudent underwriting practices to ensure that their solvency position meets the minimum requirements stipulated under the Insurance Act 1998, at all times.

Furthermore, insurers seek the RBF's endorsement prior to launching new products, as these can result in the company deviating from its risk management strategy. Aspects such as the feasibility of new product proposals, efficiencies and technological investments, and premium pricing and available subsidies, are considered while reviewing the new product submissions.

The RBF, as part of its supervision of insurance companies, monitors the activities of insurers to ensure their compliance with prudential and legislative requirements, and that sound risk management and governance are in place to minimize losses. Additionally,

Standing Committee Question No. 3:
Why has there been a long delay in the review of the Insurance Act?

Response:
The purpose of legislation like the Insurance Act 1998 is to promote public confidence in the insurance industry through provisions which aim to ensure the financial soundness of the industry and the protection of policyholders.

As such, with technical assistance from the International Monetary Fund's Pacific Financial Technical Assistance Centre (PFTAC), a draft revised legislation has continued to be revised and refined over the years against new requirements on risk-based solvency, innovative/inclusion insurance arrangements (such as captive and parametric insurance) principles for the protection of insureds, and evolving accounting standards (IFRS17), to name a few.

The delays are due to many factors but key would be the need to better understand the technicality of some requirements such as risk based solvency and the expanded role of actuaries, the disruption brought on by the COVID-19 pandemic which affected the regular liaison with the Consultants, and the emergence of new developments such as the IFRS 17 accounting standards for insurance, which lead to the ongoing mapping exercise undertaken to ensure that all the relevant technical requirements from the current legislation is addressed.

The Reserve Bank plans to circulate the draft revised Act to the insurance industry for comments, by December 2025.

Standing Committee Question No. 4:
What are the reasons for reviewing the Insurance Act and the major issues that will be addressed during the review process?

Response:
While the existing Act has generally worked well, it has not been comprehensively or substantively reviewed since its implementation more than 20 years ago, thus the review to meet the following aspects:

- the landscape of the insurance market has evolved with new supervisory and regulatory methods, the RBF must continue to maintain the relevance of its regulatory regime for insurance activities;
- the Act does not have specific requirements of licensing and supervision of reinsurers and captive insurers;
- the Act does not have specific requirements for inclusive and innovative insurance products;
- the Act does not have specific requirements for administrative and monetary sanctions for non-compliance; and
- the Act does not approach the capital requirements expected of insurers from a risk perspective.

Standing Committee Question No. 5:
How do you address the issues related to informal insurance agents and intermediaries who are not licensed?

Response:
The Reserve Bank requires that all insurance agents and insurance brokers be licensed under the Insurance Act 1998.

Under section 42(2)(c), each licensed insurer (nominated) is responsible for the application of a new agent and renewal of licence of agents with the Reserve Bank and as such no licensed insurer can receive a business from an informal insurance agent. Furthermore, section 4 makes the nominated insurer liable for the actions of their agents, irrespective of whether an agent has acted within the scope of his/her authority. Insurers accepting an insurance business from an unlicensed insurance agent contravenes the requirements of the Act, and the insurer will be held liable and subject to penalties.

Section 3(2)(b) stipulates the function assigned to the Reserve Bank which includes "the superintendence of the conduct of the agents, brokers and insurers in the Fiji Islands". In this regard, the Reserve Bank has issued its *Insurance Supervision Policy Statement No.12* on the ***Minimum Requirements for the Appointment and Supervision of Insurance Agents in Fiji*** to govern the conduct of insurance business and agents in Fiji.

Standing Committee Question No. 6:
Given the higher risk of climate change and other environmental factors, should insurance companies be encouraged to introduce more insurance cover on these specific areas?

Response:

Climate risk insurance remains one of the top priorities of the Reserve Bank and major progress has been made in this regard in partnership with PICAP and InsuResilience Solution Fund. Currently, two insurance companies in Fiji are offering parametric micro-insurance products and piloting anticipatory action cover in efforts to foster quicker payouts to policyholders living in areas that are prone and vulnerable to extreme weather or environmental conditions. These products are designed to benefit policyholders residing in areas that are affected by cyclones, hurricanes or heavy rainfall.

The RBF recently collaborated with two insurance companies and partnered with InsuResilience Solution Fund, in a project aimed at enhancing financial resilience among vulnerable communities throughout Fiji. The project aims to provide access to climate risk insurance products for 5,000 climate-vulnerable households. In this regard, the Reserve Bank has created a dedicated Unit to implement the two-year project from 01 August 2024.

The parametric insurance cover provides financial protection against the adverse effects of climate-related events, thereby supporting a more swift and effective recovery and contributing to the long-term financial resilience of these vulnerable households. It allows rapid payouts based on predefined weather triggers, such as rainfall levels or wind speeds, thereby ensuring timely financial support when it is most needed. This proactive approach ensures that affected households can access necessary resources without delay, facilitating a quicker recovery.

Standing Committee Question No. 7:
What role does the regulator play in approving new products or pricing structure before these products reach the market?

Response:
Pursuant to section 3(2)(e) of the Insurance Act 1998, the Reserve Bank has been delegated the function to approve standard terms and conditions contained in the policies of insurance companies. As per this clause, licensed insurers must seek the Reserve Bank's approval for the launch of new products. Whilst the Reserve Bank has not been approving the "terms and conditions" of insurance policies of licensed insurers, this is considered as the prerogative of licensed insurers' due diligence and expertise of the new products, as this affects their risk profile and insurance undertaking business.

However, the RBF assesses all new products for compliance against the *Insurance Supervision Policy Statement (ISPS) No.8* on the ***Minimum Risk Management Requirement for Licensed Insurers***. Paragraph 5.2 of ISPS No. 8 states that, *"An insurer must adhere to its Risk Management Policy at all times and must advise the Reserve Bank of Fiji in instances where it intends to carry out activities in a manner that would represent a deviation from its Risk Management Strategy. Notice of any deviation must be accompanied by Board approval and declaration of the same. This would ensure that the insurer has complied with all the requirements of this policy which is satisfactory to the Board or its proxy".*

Furthermore, annually, appointed actuaries of insurance companies must provide an assessment of the products and the premium rates in the Liability Valuation Report, which is also reviewed by the Reserve Bank.

Standing Committee Question No. 8:
Page 22 of the 2022 Annual Report – Can RBF explain the reason for a decline of non-underwriting income from $58.6 million in 2021 to $49 million in 2022.

Response:
The insurance industry recorded an after-tax revenue/ profit (including non-underwriting income) of $49.0 million, a decline of 16.4 percent from $58.6 million in 2021. Both sectors contributed to the downward trend. For the life insurance industry, after-tax revenue/ profit reduced, as a result of an increase in taxation expense for the year. In the case of the general insurance industry, the growth in net claims incurred and underwriting expenses resulted in the overall reduction of the general insurance sector's underwriting surplus in 2022. Furthermore, non-underwriting income declined due to a larger reduction in dividend income.

Standing Committee Question No. 9:
Page 17 of the 2022 Annual Report states; an increased focus on climate resilience, can RBF provide an update on this?

Response:
Please refer to the response provided on question 6. Additionally, to help insurers remain resilient and able to withstand losses from climate related insured events, it is important for insurers to maintain ongoing profitability and robust solvency buffers. In this regard, an ongoing review of solvency compliance is undertaken by the RBF.

Standing Committee Question No. 10:
Can RBF explain the solvency requirements?

Response:
The solvency of an insurance company is the surplus of assets it has over its liabilities, both evaluated in accordance with accounting and supervisory standards. The solvency ratio/margin is a key financial indicator that assesses an insurance company's ability to cover its liabilities (claims) and other obligations, with its assets.

Insurers licensed to conduct business in Fiji are required to maintain minimum solvency requirements (different for life and general insurance) at all times. These are set out under section 31 of the Insurance Act.

Standing Committee Question No. 11:
What percentage of household are cover for fire, cyclone and medical insurance?

Response:
In 2017, Fiji had 191,910 private households, according to the 2017 Population and Housing Census. The exact percentage of households in Fiji who are covered for fire, cyclone and medical insurance as current details on the number of households in Fiji is unavailable. Nonetheless, the number of persons covered under individual classes of insurance is tabulated below (Table 1 – Table 4: refer to page 65 of IAR 2022) for information.

The number of policies owned by individuals and groups, as well as the staff numbers of insurance sector in the last five (5) years, is tabulated below (Table 1).

Table 1

NUMBER OF POLICIES (Individual & Group)	2018	2019	2020	2021	2022	2023
LIFE INSURERS	104,434	104,131	100,317	99,470	101,413	102,680
GENERAL INSURERS	81,186	72,291	65056	65234	52758	74291
STAFF NUMBERS	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
LIFE INSURERS	212	202	208	208	208	200
GENERAL INSURERS	185	185	195	220	226	216

NUMBER OF PERSONS COVERED UNDER GROUP POLICIES	2018	2019	2020	2021	2022	2023
FIRE	118,716	135,203	97,074	97,275	97,986	111,027
HOUSE-HOLDERS	-	-	-	-	-	-
MOTOR VEHICLE	2,229	1,540	1,339	4,855	5,707	7,102
MARINE HULL	-	-	-	-	-	-
MARINE CARGO	-	-	-	-	-	-
BURGLARY	-	-	-	-	-	-
MOTOR - CTP	-	-	-	-	-	-
PERSONAL ACCIDENTS	120,602	137,301	98,653	99,187	100,210	115,287
PROF. INDEMINITY	-	-	-	-	-	-
PUBLIC LIABILITY	-	-	-	-	-	-
WORKERS COMP	-	-	-	-	-	-
MEDICAL	49,028	43,860	41,659	37,364	33,078	36,001
TERM LIFE	291,495	325,879	241,468	237,621	244,891	274,173
OTHER	-	12,335	-	1,238	105,172	1,998
TOTAL	**582,070**	**656,118**	**480,193**	**477,540**	**587,044**	**545,588**

Notes:

Source: General Insurance Companies

Data Period: Data stated is for the reporting period of 2018-2023

Standing Committee Question No. 12:

Page 35 of the 2022 Annual Report (Table 16 – Termination of Annual Premiums of Life Insurers) – Can RBF provide a breakdown of 11,579 policies terminated annual premiums against death, maturity, surrender, forfeiture and others? What falls under others?

Response:

Breakdown of 11,579 policies terminated (refer to pages 77 & 78 on Tables 14-15 of IAR 2022):

Table 2

POLICIES TERMINATED	PREMIUMS $M
DEATH	355
MATURITY	2,234
EXPIRY OF TERM	-
SURRENDER	3,040
FORFEITURE	5,475
NET TRANSFERS	-
OTHERS	475
	11,579

Others would generally include policy cancellations for example, due to incorrect details of the policy holder being captured, customers that opt to cancel a policy during the cooling period (28 days) or due to lapsed policies, as well as cancellations due to disability claims or critical illnesses that cause the policy to go off the books.

Expiry of term - Term life insurance is designed to provide coverage for a set period, typically ranging from 10 to 30 years. Once the term ends, the policyholder's coverage expires, and they no longer have the protection provided by the policy.

Net transfers would generally imply selling a business that is transferred within the company or outside.

Standing Committee Question No. 13:
How does RBF ensure that insurance agents have sufficient experience and knowledge of insurance products before issuing license?

Response:
Insurance companies usually take new potential agents through a training of their respective companies and insurance products. Once these candidates fulfill the internal training requirements, their insurance agent applications are submitted to the RBF for approval.

The RBF's ISPS No. 12 outlines the standard qualifications needed for insurance agent applicants. These requirements are also vetted initially by the respective companies when potential candidates indicate their interest in joining the company and becoming insurance agents. ISPS No. 12 also contains the fit and proper criteria for insurance agents. Part of the insurance agent applications also contains a section on the Code of Ethics that the insurance agent and company are bound by. The insurance companies are responsible for ensuring that their insurance agents are well versed with their products and policies. In addition, respective examiners for insurance companies can also check on the fulfillment of the above during off-site or on-site examinations.

Standing Committee Question No. 14:
Why is surrender of policy only restricted to life insurance policies and not to other insurance products/policies?

Response:
A life insurance surrender is a full cancellation of a life insurance policy, usually for the cash surrender value. Surrender value is realizable after a few years of the policy being in force. Surrendering a life insurance policy means canceling the policy and receiving its surrender value, which is the cash value minus any surrender fees. If the policyowner chooses this option, the coverage ends, and their beneficiaries will not receive a death benefit when they die.

General insurance policies or non-life policies are issued for coverage of losses from a particular financial event. General insurance policies have the option to be renewed on a yearly or less basis and the insured has the option to renew or cancel the general insurance cover. General insurance policies do not have a realizable surrender value upon expiry of the policy.

Standing Committee Question No. 15:
For the last 5 years, how much fire levy was given by the Insurance Association of Fiji to the National Fire Authority yearly?

Response:
Data available with the RBF is tabulated below (Table 3).

Table 3

Fire Service Levy (2020 - 2024)

Year	2020	2021	2022	2023	2024
Amount	$ 2,989,990.74	$ 4,030,178.78	$ 2,710,772.42	$ 3,146,383.48	$ 3,314,890.91

Reserve Bank of Fiji

31 March 2025

INSURANCE ASSOCIATION OF FIJI
(Combined Responses from LICI and General Insurers)

1. Making Insurance Affordable for Low-Income Households

Life Insurers (LICI)

- Life Insurance cover depends on the "Human Life Value" and the capacity to pay premiums.
- LICI offers a Micro Insurance plan with a low minimum sum assured between $2,000 and $7,000.
- For a 10-year policy term at age 35, the premium for $7,000 cover is $60 per month.

General Insurers

We know that many Fijians, especially those in rural and low-income areas, find insurance expensive or complicated. To make it more accessible, insurers are:

- Offering **microinsurance**—low-cost, easy-to-understand policies for things like health, funeral expenses, and property.
- Working with **development partners and the government** to create subsidized insurance options.
- Exploring **parametric insurance**, which pays out automatically when a cyclone or flood reaches a certain severity, making the claims process faster.
- Introducing **flexible payment plans** so customers can pay their premiums in smaller, more manageable amounts.

2. How We're Raising Awareness About Insurance

Life Insurers (LICI)

- Regular "Service Camps" and "Roadshows" are conducted to engage with the public directly.
- Presentations are made at various companies and organizations (e.g., RFMF, TFL, Carpenter's Group).
- LICI sponsors community events and uses billboards and digital screens for wider outreach.
- Social media updates, including testimonials and developments from LICI, to spread awareness.

General Insurers

A big challenge is that many people still don't fully understand how insurance works or why it's important. To change this, insurers are:

- Running **community roadshows and workshops**—taking information directly to villages and towns.
- Using **social media and digital content** to explain insurance in simple terms.
- Partnering with **schools and universities** to teach young people about financial security.
- Making policy documents **easier to read**, so customers know exactly what they're signing up for.

3. Challenges in the Insurance Industry

Life Insurers (LICI)

- Limited financial literacy among citizens, leading to a lack of saving and insurance uptake.
- Many people do not understand the value of life insurance, leading to low voluntary uptake.
- High policy lapsation rates due to low priority given to paying premiums.
- Migration of customers results in discontinued policies despite premium continuation options.

General Insurers

The insurance industry in Fiji is dealing with some big hurdles, including:

- **Low insurance uptake**—many people still don't see insurance as a priority.
- **Underinsurance**—even those who have coverage may not have enough to protect their homes or businesses properly.
- **Climate risks**—frequent cyclones and floods mean insurers are paying out more claims, which drives up costs.
- **Rising reinsurance costs**—because of natural disasters, the companies that insure our insurers (reinsurers) are increasing their prices, which makes premiums higher.
- **Fraudulent claims**—a few bad actors try to make false claims, which affects everyone.
- **Consumer trust**—some customers feel claims take too long or that they don't get the payout they expected.
- **Regulatory Compliance burdens** - Insurers in Fiji must navigate stringent compliance and reporting obligations set by the Reserve Bank of Fiji under the Insurance Act 1998 as well as the prudential supervision policies. The associated costs and complexities can be particularly challenging for smaller firms, potentially affecting their competitiveness and operational efficiency. Additionally, implementation of IFRS 17 poses a significant challenge for local insurers in Fiji due to the lack of expertise available in the area locally. The

standard is expected to have significant impact on insurers from a financial and operational perspective.

4. Protecting Fijians from Environmental Disasters

Life Insurers (LICI)

- LICI offers policies with features that support beneficiaries after a natural disaster, ensuring their protection.
- Parametric insurance options are being explored to provide faster payouts after disasters.

General Insurers

Given Fiji's vulnerability to cyclones, floods, and droughts, insurers are:

- Providing **disaster-specific policies** for homes and businesses.
- Exploring **parametric insurance**, which offers automatic payouts based on weather conditions, meaning faster help after a disaster.
- Working with **reinsurance companies** to make sure insurers can afford to cover big payouts.
- Encouraging customers to **build more disaster-resilient homes** by offering discounts for cyclone-proof structures.

5. Handling Complaints & Reporting to RBF

Life Insurers (LICI)

- Customer complaints are handled by the insurance company, and unresolved complaints can be escalated to the CCF and RBF.

General Insurers

- If customers have an issue, they can first raise it with their insurance company, which has a **dispute resolution process** in place.
- If it's not resolved, the issue may be escalated to the **Reserve Bank of Fiji (RBF)**, which oversees the industry.
- **Common complaints include**:
    - Claims taking too long.
    - Confusion about what's covered and what's not.
    - Premiums increasing unexpectedly.
    - Claims being denied due to fine print in policies.

6. Is There Unfair Competition in the Industry?

Life Insurers (LICI)

- No evidence of uncompetitive behavior; both life insurance companies offer different products and premiums.
- Professional operation of agents adheres to RBF's Code of Ethics.

General Insurers

There's no clear evidence of anti-competitive behavior, but there are some concerns:

- A **small number of major players** dominate the market, which limits options for consumers.
- Prices across insurers may sometimes feel similar, but this is often because of **shared reinsurance costs** rather than price-fixing.
- Regulatory Oversight: The **Reserve Bank of Fiji monitors the industry** to ensure fair competition and consumer protection.
- **Regulatory Oversight:** The Fijian Competition and Consumer Commission (FCCC) is also tasked with promoting fair competition and preventing anti-competitive conduct across various sectors, including insurance.

7. Do Insurers Follow a Code of Conduct?

Life Insurers (LICI)

- LICI's agents and intermediaries follow a strict "Code of Ethics" set by the RBF.
- Violations of the code can result in disciplinary action or termination.

General Insurers

Yes, insurers follow an **industry Code of Conduct**, which ensures:

- **Fair treatment of customers**, with clear and transparent policies.
- **Reasonable claims handling times** to avoid unnecessary delays.
- **Honest marketing practices**, so customers aren't misled about coverage.
- Compliance with **regulations set by the RBF** to keep things ethical and fair. The code is being updated over time to address **new consumer protection issues**.

8. Risks & Threats Facing the Insurance Industry

Life Insurers (LICI)

- Economic challenges and high living costs limit people's ability to afford life insurance premiums, leading to policy lapsation.
- A lack of savings culture among the population hinders the adoption of life insurance.

- Migration of the working population results in fewer customers.
- The high cost of implementing IFRS 17 remains a challenge.

General Insurers

- **Climate change**—Fiji is experiencing more extreme weather events, making payouts more frequent and costly.
- **Economic challenges**—if the economy slows down, people may struggle to afford insurance.
- **Cybersecurity threats**—as insurers move online, there's a growing risk of data breaches.
- **Strict regulations**—new rules may make it harder for insurers to operate profitably.
- **Reinsurance price hikes**—after disasters, global reinsurers raise their prices, which impacts local insurers and consumers.
- **Public trust issues**—some people still believe insurance isn't worth it or that insurers will find loopholes to avoid paying out.

9. What Needs to Change in the Insurance Industry?

Life Insurers (LICI)

- More financial literacy campaigns led by the RBF and Ministry of Finance.
- Lower licensing fees for agents to increase the number of active insurance agents.

General Insurers

If we could improve a few things, they would be:

- **More government involvement**—either through subsidies, tax breaks, or disaster relief partnerships.
- **Faster and more transparent claims processing**, so customers aren't left waiting after a disaster.
- **Better fraud detection**, so honest customers don't have to pay higher premiums due to false claims.
- **More product innovation**, including **affordable disaster insurance for small businesses and farmers**.
- **More consumer education**, so Fijians understand exactly what they're paying for and how to get the most out of their policies.
- Insurers should **strengthen cybersecurity** frameworks and adopt **AI-powered claims processing** to enhance efficiency and fraud detection.

Final Thoughts

The insurance industry in Fiji is evolving, but there's still work to be done to make it **more accessible, affordable, and trusted**. With climate risks rising, it's more important than ever for **insurers, the government, and communities to work together** to protect Fijians from unexpected financial losses.

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ANNEX 2

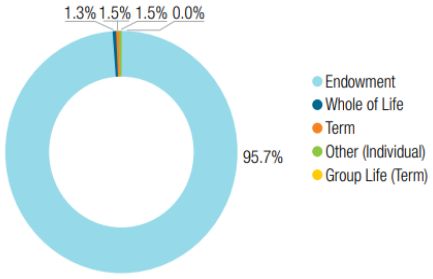
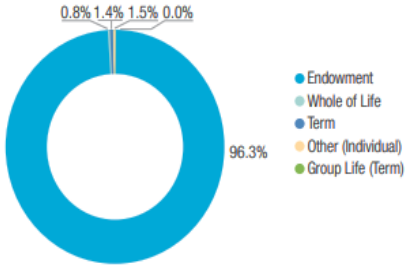
RESEARCH BRIEFS

Annual Report Summary – Standing Committee on Economic Affairs

Reserve Bank of Fiji Insurance Annual Report Summary

1.0 Comparative Analysis: RBF Insurance 2021-2022 Annual Report

Life Insurance

	2021	2022
Premium	▪ The gross premium income received by the life insurance sector increased by **11.2%** to **$186.7 million**. *Graph 1: Composition of Gross premium*[1] 	▪ The gross premium income received by the life insurance sector increased by **1.2%** growth to **$188.8 million** *Graph 1: Composition of Gross Premium*[2] 

New Business

Table 1: New Business of Life Insurers, Years 2021-2022

Year	No. of Policies		Sum Insured $M		Premium $M
	P	NP	P	NP	
2020	**11,254**	**8**	**332.5**	**222.8**	**50.5**
% Change	*26.0*	*20.0*	*13.3*	*17.0*	*20.2*
2021	**8,600**	**5**	**289.6**	**172.5**	**62.4**
% Change	*23.6*	*37.5*	*12.9*	*22.6*	*23.6*
2022	**11,935**	**9**	**388.1**	**229.9**	**70.1**
% Change	*38.8*	*80.0*	*34.0*	*33.3*	*12.3*

***P** – Participating Policies*
***NP** – Non-participating Policies*

Table 2: Distribution of New Sum Insured of Life Insurers, Years 2021-2022

Year	Ordinary Life Insurance $M			Total
	Whole of Life	Endowment	Term Life	
2021	**2.4**	**287.2**	**172.5**	**462.1**
% Change	*14.3*	*13.0*	*22.6*	*16.8*
2022	**0.7**	**387.3**	**299.9**	**617.9**
% Change	*(70.8)*	*34.9*	*33.3*	*33.7*

Note: The increase in new life policies raised the total sum insured by 33.7% to $617.9 million. In 2022, endowment policies made up 62.7% of new premiums, term life 37.2%, and whole of life 0.1%.

[1] Life Insurance Companies
[2] Life Insurance Companies

Table 3: Distribution of New Business Premiums of Life Insurance

Year	Ordinary Life Insurance $M			Total Premium
	Whole of Life	Endowment	Term Life	
2021	**0.1**	**61.7**	**0.6**	**62.4**
% Change	*(50.0)*	*24.6*	*(25.0)*	*23.6*
2022	**0.0**	**69.3**	**0.8**	**70.1**
% Change	*(0.0)*	*12.3*	*33.3*	*12.3*

Note: On average, a new life insurance policy written in 2022 had a sum insured of $51,737 per policy, compared to $53,697 per policy in 2021 (Table 3).

Termination

Table 4: Termination of Annual Premiums of Life Insurers

Year	Death	Maturity	Surrender	Forfeiture	Others	Total
2021	**1.0**	**21.2**	**3.3**	**10.3**	**4.8**	**40.6**
% Change	*(9.1)*	*3.4*	*(13.2)*	*(17.6)*	*(2.0)*	*(5.1)*
% Share	*2.5*	*52.2*	*8.1*	*25.4*	*11.8*	*100.0*
2022	**0.9**	**7.7**	**4.0**	**11.3**	**6.6**	**30.5**
% Change	*(10.0)*	*(63.7)*	*21.2*	*9.7*	*37.5*	*(24.9)*
% Share	*3.0*	*25.2*	*13.2*	*37.0*	*21.6*	*100.0*

Note: In 2022, the number of terminated life insurance policies increased by 5.8% to 11,579, up from 10,946 in the previous year. Forfeitures accounted for the largest share of terminations at 47.3%, followed by surrenders (26.3%) and maturities (19.3%). The number of policies terminated due to surrenders and forfeitures rose by 571 and 366, respectively, reaching 3,040 and 5,475 policies.

Despite the increase in policy terminations, the total annual premiums associated with these policies declined by 24.9% to $30.5 million in 2022, a steeper drop compared to the 5.1% decline recorded in 2021. Forfeitures contributed the most to total annual premiums terminated, accounting for 37.0% (Table 4).

Business in Force

	2021	2022
	▪ Total Premium in force was **$284.9 million,** a 10.6% change	▪ Total Premium in force stood at **$329.7 million**, a 15.7% change
	▪ Whole of Life Policies – **$2.8 million** ▪ Endowment – **$277.4 million** ▪ Term Life – **$4.7 million**	▪ Whole of Life Policies - **$2.6 million** ▪ Endowment – **$322.8 million** ▪ Term Life - **$4.3 million**

Income & Outgoings

	2021	2022
Income	Total income recorded for the life insurance sector improved by 2.8 percent to **$339.4 million**	The life insurance sector recorded a decline in total income by 4.5 percent to **$324.0 million**
Outgoing	Total outgoings stood at **$315.5 million,** grew by **3.1 percent** over the year **due to the increase in policyholder** liabilities by 15.9 percent to $158.2 million.	Total annual outgoings for the life insurance sector stood at **$298.1 million,** a decline of **5.5 percent** over the year. The decrease was underpinned by policyholder liabilities, which fell by 11.6 percent to $139.8 million, linked to the participating policyholders' share of the increase in total income.

Table 5: Gross Policy Payments

Year	Gross Policy Payments				Total
	Maturity	Death	Surrender	Others	
	$ Million				
2018	96.5	7.1	15.1	0.2	118.8
2019	101.3	10.0	18.5	0.1	129.9
2020	98.9	11.4	17.5	0.6	128.4
2021	91.7	12.2	12.9	0.1	116.9
2022	88.3	12.5	16.5	0.1	117.4

Source: Life Insurance Companies

Operating Results		
	2021	**2022**
	The life insurance sector's pre-tax profits declined slightly by 0.2% to $23.9 million due to a 3.1% rise in total outgoings, despite a 2.8% increase in total income. After-tax profit reached $16.7 million, benefiting from lower taxation expenses. Return on assets dipped slightly to 1.0% from 1.1%, while return on equity saw a marginal increase from 19.1% to 19.2%.	Pre-tax profit for the life insurance sector rose by 8.4% to $25.9 million, driven by a 5.5% reduction in total outgoings, which outpaced a 4.5% decline in total income. After-tax profit fell slightly to $16.2 million from $16.7 million in the previous year. The sector's return on assets (before tax) improved to 1.4% from 1.0% in 2021. Dividends declared and paid increased to $11.0 million, up from $8.5 million in the prior year.
Balance Sheet		
	2021	**2022**
Assets	▪ The life insurance sector's total assets grew by $168.3 million to $1.8 billion, driven by increases in government securities, cash on hand, and investments in related and non-related entities. Government securities rose to $940.1 million (53.1% of total assets), while investments in related and non-related entities reached $416.9 million (23.6%). Land and buildings increased to $134.7 million (7.6%), and cash on hand grew to $91.3 million. Meanwhile, total loans declined to $108.1 million.	▪ The life insurance sector's total assets grew by 8.5% to $1.9 billion, driven by increased investments in shares in related persons, land and buildings, and government securities. Shares in related persons rose by $50.2 million to $285.8 million (14.9% of total assets), while land and buildings increased by $42.3 million to $177.0 million (9.2%). Government securities grew by $20.3 million to $960.4 million, making up 50.0% of total assets. Additional contributors to asset growth included increases in cash on hand ($17.4 million to $108.7 million), total loans ($10.7 million to $118.9 million), and debentures with related persons ($8.3 million to $9.2 million).
Liabilities	▪ Total liabilities grew by 10.9 percent to $1.7 billion in 2021, led by the increase in the balance of revenue account by 11.2 percent to $1.6 billion. Majority of total liabilities was in policyholder liabilities at 95.6 percent, with 'other' provisions at 2.4 percent and 'other' liabilities at 2.0 percent making up the other components.	▪ Total liabilities grew by 8.9 percent to $1.8 billion in 2022 underpinned by the increase in the balance of revenue account by 8.9 percent to $1.7 billion. The bulk of life insurers' liabilities were represented by the balance of revenue account at 95.6 percent, with "other" provisions at 2.5 percent and "other" liabilities at 1.9 percent making up the other components.
Owner's Fund	▪ Owners' funds grew by 4.3 percent to $**88.4 million**, due mainly to the increase in retained profits by $3.6 million to $68.0 million	▪ Total owners' funds expanded by 1.6 percent to **$89.8 million.** This was a result of the increase in retained profitsby $1.4 million to $69.4 million
Insurance Brokers		
	2021	**2022**
Premiums	▪ Total premiums handled declined by 4.3% to $190.3 million in 2022, driven by decreases in the miscellaneous class (down 33.6% to $14.2 million), medical and term life class (down 12.5% to $28.6 million), and transport and marine classes (down 3.7% to $23.6 million). These declines were partially offset by	▪ Total premiums transacted increased by 4.8% to $199.4 million, driven by significant growth in the miscellaneous class (up 52.1% to $21.6 million), medical and life classes (up 19.2% to $34.1 million), transport and marine (up 16.5% to $27.5 million), and liability class (up 14.3% to $11.2 million).

	increases in the fire and property class (up 3.3% to $114.1 million) and the liability class (up 1.0% to $9.8 million). ▪ The fire and property class continued to dominate premiums transacted by the insurance broking industry at 60.0 % followed by the medical and life class at 15.0 %, transport and marine classes at 12.4 % miscellaneous at 7.5 % and liability class at 5.1 percent	▪ The fire and householders classes continued to dominate premiums handled at 52.7 %, followed by medical and term life at 17.1 percent, transport and marine at 13.8 %, miscellaneous at 10.8 %, and the liability class at 5.6 %
Insurance Broking Account	▪ The aggregate insurance broking account balance at the end of 2021 stood at $9.3 million, a decline of 20.5 % over the year, reflective of more monies withdrawn than received	▪ Under section 65 of the Act, all licensed insurance brokers must maintain a broking account with licensed banks, exclusively for transacting monies received and withdrawn on behalf of insurers and insureds. At the end of 2022, the consolidated broking account balance was $15.1 million, a 62.4% increase from the previous year, reflecting more money being received than withdrawn.
Operating Result	▪ The insurance broking industry recorded a net profit of $5.5 million in 2021, registering an increase of 19.6 % over the year, The improvement in net profit was attributed to an increase in total revenue coupled with a reduction in total expenses. ▪ The growth in total revenue by 4.1 % to $22.6 million was due to the increase in total brokerage earned during the year by 4.7 % to $22.1 million. Brokerage earned as commission continued to account for the largest share of total revenue at 92.6 %.	▪ The insurance broking sector recorded a net profit of $5.9 million in 2022, an increase of 6.9 % from the prior year, underpinned by the greater revenue earned in comparison to expenses incurred during the year ▪ Total revenue increased by 9.5 % to $24.8 million, attributed to total brokerage income earned during the year. Brokerage income stood at $24.1 million and remained the major component of revenue at 97.2 %.
Balance Sheet		
	2021	**2022**
Assets	▪ Total assets of the insurance broking industry grew by 0.3 % to $63.8, attributed to the increases in cash on hand and outstanding premiums by $2.7 million and $1.0 million, to $9.2 million and $35.6 million, respectively. ▪ Outstanding premiums continued to dominate the total assets of the insurance broking industry at 55.8 %, followed by the insurance broking account at 14.6 % and cash on hand at 14.5 %.	▪ Total assets of the insurance broking sector expanded by 9.9 %over the year to $70.1 million. The growth was backed by the increase in insurance broking account by 62.6 %to $15.1 million, and outstanding premiums, by 2.3 percent to $36.4 million. This however was partially offset by the decrease in sundry debtors by 8.1 %to $3.7 million and cash on hand by 2.0 %to $9.1 million. ▪ Total assets of the insurance broking sector, continued to be dominated by outstanding premiums at 52.0%, followed by the insurance broking account and cash on hand at 21.6 %and 12.9%, respectively.
Liabilities	▪ Total liabilities of the insurance broking industry declined by 8.9 %to $49.1 million, attributed to decreases in dividends/proprietor withdrawals by $2.2 million to $1.1	▪ Total liabilities of the insurance broking sector grew by 10.0 % to $54.0 million, owing to increases in amounts due to related persons and other liabilities by $7.7 million and $0.4 million, to $14.4 million and $1.4 million, respectively
Owner's Fund	▪ Total owners' funds noted a growth of 51.5 % to $14.7 million, underpinned by the increase in retained profits by $5.0 million to $13.1 million. Retained profits continued to	▪ Total owners' funds reported by the insurance broking sector noted a growth of 9.5 % to $16.1 million, mainly due to the increase in retained profits, after accounting for dividends. Retained profits

	represent majority of total owners' fund at 89.5%.	represented the majority of total owners' fund at 90.4 %.

2.0 Sources

1. Reserve Bank of Fiji Insurance 2022 Annual Report: RBF-Insurance-Annual-Report-2022.pdf
2. Reserve Bank of Fiji Insurance 2021 Annual Report: Reserve-Bank-of-Fiji-Insurance-2021-Annual-Report.pdf

03 April 2025

Annual Report Summary – Standing Committee on Economic Affairs

Reserve Bank of Fiji Insurance Annual Report Summary

1.0 Introduction

This brief is provided to the Standing Committee on Economic Affairs ("SC-EA" or "Committee") as requested through its secretariat. This comparative analysis is a summary of some of the key issues in the Reserve Bank of Fiji Insurance Annual Report ("AR") for financial year 2021-2022. The summary is designed to assist Honourable Members of Committee undertake their comparisons and related analysis of the organisation's performance as discussed in the ARs. The narrative provided here is only intended to assist the Committee with its appraisal of the reports and does not aim to provide in-depth oversight on the Reserve Bank of Fiji Insurance performance.

2.0 Review of RBF Insurance Annual Report

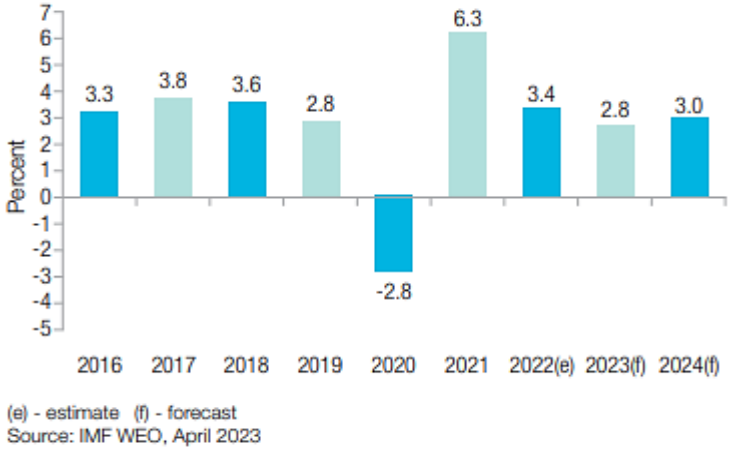
<table>
<tr><th>Activities</th><th>RBF Insurance 2021-2022 AR[1] Summary</th></tr>
<tr><td>Vision</td><td>Leading Fiji to Economic Success</td></tr>
<tr><td>Mission</td><td>• Conduct monetary policy to foster sustainable and inclusive economic growth
• Promote an internationally reputable financial system
• Play an influential role in the development of the economy
• Provide proactive and sound advice to Government
• Disseminate timely and quality information to stakeholders
• Enhance operational efficiency through innovation and risk management
• Develop, empower and retain a professional team</td></tr>
<tr><td>Objectives</td><td>• To administer the Insurance Act (1998) efficiently and effectively.
• To ensure that the legislation relating to insurance and supervision is proactive, relevant and effective.
• To promote professional standards of management and business practice in the insurance industry.
• To provide information, advice and dialogue relating to insurance and insurance supervision.
• To support orderly growth of the insurance industry and its services; and
• To maintain a professional supervisory body that delivers a high standard of service.</td></tr>
<tr><td colspan="2">Economic Overview</td></tr>
<tr><td colspan="2">International Economic Developments</td></tr>
<tr><td></td><td>Table 1: Comparative Analysis for International Economic Developments
<table>
<tr><th></th><th>2021</th><th>2022</th></tr>
<tr><td>Global GDP Growth Rates</td><td>Expansion of 6.3 Percent</td><td>Grown by 3.4 Percent

Note: Global economic recovery was driven by improved private consumption and investment in the US and major emerging markets, supported by favorable labor markets and government aid. However, it was hindered by factors like Russia's war in Ukraine, disrupted trade and fuel supplies, global inflation,</td></tr>
</table></td></tr>
</table>

[1] AR – Annual Reports Summary

		and COVID-19 outbreaks and restrictions in China.
US Economy	5.9 Percent	Expanded by 2.1 Percent
Eurozone	5.4 Percent	Grown by 3.5 Percent Note: The European Central Bank raised interest rates multiple times in 2022, reaching 14-year highs of 2.0%, 2.5%, and 2.75% by December.
Japanese Economy	2.1 Percent	Grew by 1.1 Percent
Australian Economy	5.2 Percent	Expanded by 3.7 percent
New Zealand Economy	6.1 Percent	Expanded by 2.4 Percent

Graph 1: Global Gross Domestic Product (GDP) Growth Rates



(e) - estimate (f) - forecast
Source: IMF WEO, April 2023

Domestic Economic Developments

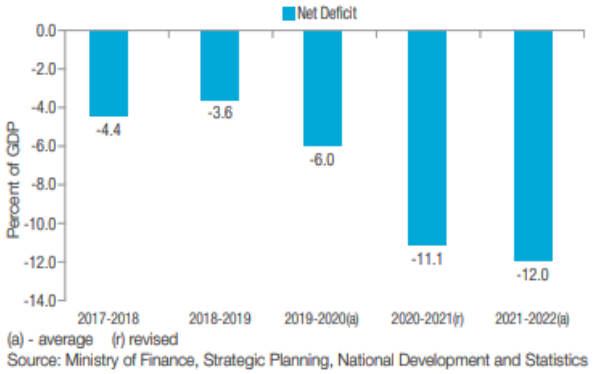
Table 2: Comparative Analysis for Domestic Economic Developments

	2021	2022
GDP Growth Rates	- 5.1 Percent	18.6 Percent Note: Growth was mainly driven by a stronger-than-expected recovery in tourism and related sectors, including transport, accommodation, retail, finance, and net indirect taxes.
Visitor Arrivals	Continued to soften (-78.5 Percent)	rose significantly to 636,312 tourists (1,912.5%)
Sugar Industry	• cane harvested (-18.0% to 1,417,185 tonnes, and • sugar production • (-12.1% to 133,209 tonnes)	• Cane harvested (15.6% to 1,638,954 tonnes), and • Sugar production (17.0% to 155,812 tonnes)
Timber Industry	• Pine (27.4%) • woodchip (36.8%) • mahogany (103.7%)	• Sawn timber (31.6%) • Mahogany (11.1%) • Wood supply (-34.4%)

		• woodchip (-43.4%) production declined due to lower outputs from both the Drasa and Wairiki mills.
Gold Production	1.2 Percent	Declined by 28.4 Percent
Electricity Generation	Fell by 3.6 percent with Renewable energy accounted for 62.6 percent of total electricity generation.	Rose by 15.1 percent with renewable energy accounting for 59.3 percent of total electricity generation.
Total Vehicle Registrations	50.4 Percent	Increased by 18.9 Percent
Net Value Added Tax (VAT)	Fell by 3.6 Percent	Rose by 83.6 Percent
Retail Sales	Expected to be 15.2 Percent	-4.6 Percent
RBF Job Advertisement Survey (Job vacancies)	30.6 Percent	140.1 Percent (an increased)
Government New Deficit	**(FY) 2020-21** $1,046.7 million (-10.8% of GDP)	**(FY) 2021–22** $1,223.3 million (-12.0% of GDP)
Expenditure	($3,161.7m)	($3,384.7m)
Revenue	($2,115.0m)	($2,161.4m)
	Note: *Expenditure surpassed Revenue for both the (FY) 2020-21 – 2021-22, as shown in (Graph 2).*	
Government Debt	91.6 Percent	87.3 percent of GDP
Domestic Debt	59.5 Percent of GDP	54.9 Percent of GDP
Government Debt	26.3 Percent of GDP	32.3 percent of GDP
Annual headline Inflation	3.0 Percent	3.1 Percent
Domestic Inflation	0.8 Percent	1.4 Percent
Imported Inflation	13.1 Percent	7.8 Percent
	Note: *Annual headline Inflation trends is shown in (Graph 3).*	
Commercial Banks Lending/Deposits Rate	New loan rates have shown a downward trend compared to the previous year, with the commercial banks' weighted average new lending rate decreasing to 5.04 percent in 2022, from 6.67 percent in 2021 as shown in (Graph 4).	
Fiji's Trade Deficit	17.6 Percent increase	Rose by 83.1 percent ($4,263.9 million)
	This was driven by stronger growth in imports than exports, with the widening trade gap also reflecting higher domestic demand and increased global commodity prices and freight costs.	
Total Exports (Exclude Aircrafts)	Recovered by 5.2 Percent Total re-exports: (-2.7 %) Domestic Exports: (9.5 %), *largely led by mineral water, other food & live animals, other crude materials, woodchips, electrical machinery, molasses, and mahogany which exceeded the declines in sugar and fresh fish exports.*	Increased by 25.7 Percent to $2,322.2 million. Total re-exports: Increased (59.3 %), *led by mineral fuels, fresh fish and other re-exports* Domestic exports: (9.8 %), *primarily led by higher sugar, mineral water, sharps and flour, fresh fish, and other food and live animal exports*

Imports (Exclude aircrafts)	*11.7 Percent*	Increased by 57.7 Percent (6,586.2 million). *All import categories rose with larger increases noted for mineral fuels, machinery and transportation equipment (except airplanes), food and live animals, and manufactured goods.*
Remittance	*Inward personal remittances grew by **23.1 percent** and surpassed the **$1.0 billion mark** (reaching $1,040.8m) in 2022. This compares with a growth of **15.1 percent** observed in 2021 and was predominantly led by increase in personal transfers (23.8%).*	

Graph 2: Government Balance

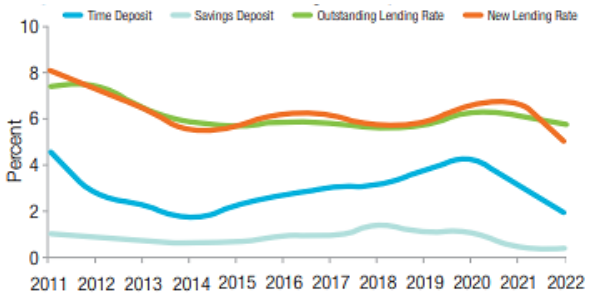


(a) - average (r) revised
Source: Ministry of Finance, Strategic Planning, National Development and Statistics

Graph 3: Annual Headline Inflation

Source: Fiji Bureau of Statistics

Graph 4: Commercial Banks' Lending and Deposit Rates



Source: Reserve Bank of Fiji

International Insurance Market Summary	
	In 2022, the global insurance industry faced above-average insured losses of US$132.0 billion, marking the fifth costliest year for insurers. Losses were driven by economic factors like high inflation, urbanization, population growth, and severe weather events. Despite the challenges, insurers remained resilient, although profitability declined, and premium income was subdued due to rising inflation and interest rates. **General Insurance**: Premium income grew by 1.0%, slower than the 3.0% average growth from 2017-2021. Emerging markets, especially China, saw a 3.0% increase, while advanced markets grew by less than 1%. Personal insurance premiums dropped by 1.0%, but commercial premiums rose by 3.0%, driven by property insurance and health demand. The return on equity (ROE) for general insurers fell to 3.0% due to rising claims and natural disaster losses. **Life Insurance**: The global life insurance sector saw a 2.0% decline in premium income to US$3,200.0 billion. Advanced markets experienced a 3.0% drop, while emerging markets, excluding China, saw a 2.0% increase, particularly in India. The sector's ROE declined due to COVID-19 mortality claims and the Russia-Ukraine conflict but improved in the second half due to higher interest rates. **Reinsurance**: Global general reinsurance premiums grew by 2.0%, driven by commercial lines. Life reinsurance premiums fell by 5.0%. However, life reinsurers saw improved profitability, with operating margins rising to 6.0% due to higher investment returns and a shift towards health and longevity products. Reinsurance prices continued to rise in 2022.
Domestic Insurance Market Summary	
	Overall Performance: In 2022, the Fijian insurance industry demonstrated resilience, adapting to challenges such as natural hazards and high mortality rates. The absence of major catastrophes boosted the general insurance sector's profitability and solvency. There was growth in policies for fire and medical coverage, while motor vehicle policies declined. Life insurers saw an increase in new policyholders, with endowment policies being the preferred choice. Micro insurance products also gained popularity, with plans for more offerings to improve financial protection access. Insurance penetration remained steady at 3.8% of GDP. **Gross Premium**: In 2022, the Fijian insurance industry reached a record $409.9 million in aggregated gross premiums, driven by ongoing underwriting activity across both sectors. General insurers saw dominant take-up in fire, motor vehicle, and medical classes, while life insurers saw a preference for endowment policies. **Claims**: In 2022, total net claims and policy payments reached $216.1 million, up from $197.2 million in 2021. The increase was mainly due to a 23.1% rise in net claims paid by general insurers, totalling $98.9 million. As a percentage of gross premiums, total net claims and net policy payments marginally rose to 52.7 percent, from 51.4 percent in 2021. **Earnings**: Including non-underwriting income, the insurance industry recorded an after-tax revenue/profit of $49.0 million, a decline of 16.4 percent from $58.6 million in 2021. Both sectors contributed to the downward trend. **Balance Sheet**: In 2022, the Fijian insurance industry's resources grew by 8.4% to $2.5 billion. Assets were mainly held in government securities, shares, and bank deposits. Liabilities were primarily from life insurers' revenue accounts and general insurers' underwriting provisions. **Owners' Funds**: The total shareholders' funds stood at $324.8 million, noting a growth of 6.5 percent, which was attributed to increased retained earnings during the year (Table 1)

Table 1: Shareholders 'Fund of Fiji Licensed Insures

Table 1 Shareholders' Funds of Fiji Licensed Insurers

Shareholders' Funds ($M)	2018	2019	2020	2021	2022
Paid Up Capital	59.3	59.5	59.5	59.5	59.5
Retained Profit/ Loss	150.3	165.2	189.0	229.9	251.0
Other Reserves	13.4	14.3	15.0	15.5	14.3
TOTAL	**223.0**	**239.0**	**263.5**	**304.9**	**324.8**

Source: Insurance Companies

Outlook Summary: The outlook for the Fijian insurance industry in 2023 remains positive, with continued new underwriting activity driven by domestic economic growth, micro-insurance services, and a focus on climate resilience. The Reserve Bank of Fiji will assess local insurers' readiness for IFRS 17 adoption, and the risk-based supervision framework will strengthen the industry's risk mitigation capacity. However, uncertainties like climate-related disasters, the war in Ukraine, and recession concerns may impact global growth and the performance of the insurance sector.

Key Highlights

Table 2: Key Economic and Financial Indicators

Key Economic & Financial Indicators		2018	2019	2020	2021	2022
I.	**GDP[1]**					
	GDP at Market Price ($ Million)	11,650.6	11, 842.6	9,709.8r	8,895.9p	11,099.3e
	Constant Price GDP Growth Rate (%)	3.8	-0.6	-17.0r	-5.1p	15.6e
II.	**LABOUR MARKET[2]**					
	Labour Force	n.a	n.a	n.a	n.a	n.a
	Wage and Salary Earners (mid-year)	176,781e	180,106	n.a	n.a	n.a
III.	**INFLATION (year-on-year % change)**					
	All Items	4.8	-0.9	-2.8	3.0	3.1
IV.	**EXTERNAL TRADE[3]**					
	Current Account Balance ($ Million)	-986.0	-1509.1	-1318.1p	-1419.4p	-1569.4e
	Capital Account Balance ($ Million)	10.4	6.9	7.7p	6.6p	4.4e
	Financial Account Balance ($ Million)[4]	-1,666.3	-1,199.8	-790.6p	-618.5p	-1550.3e
	Current Account Balance (% of GDP)	-8.5	-12.7	-13.6p	-16.0p	-14.6e
V.	**FOREIGN EXCHANGE RESERVES ($ Million)**					
	Foreign Reserves	2,012.4	2,219.8	2,192.5	3,201.4	3430.6
VI.	**MONEY AND CREDIT (year-on-year % change)**					
	Broad Money	2.5	2.7	1.2	11.1	3.6
	Narrow Money	0.5	-0.1	10.5	22.9	8.3
	Domestic Credit[5]	9.7	4.9	2.3	3.9	5.2
	Private Sector Credit	7.3	4.6	-3.1	-0.1	6.7
VII.	**INTEREST RATES (% p.a.)**					
	RBF OPR[6]	0.50	0.50	0.25	0.25	0.25
	Lending Rate	5.69	6.30	6.12	5.77	5.20
	Savings Deposit Rate	1.32	1.10	0.54	0.42	0.39
	Time Deposit Rate	3.61	4.10	3.16	1.99	1.22
	Repurchase Rate	1.00	1.00	0.50	0.50	0.50
VIII.	**EXCHANGE RATES (mid rates, F$1 equals: end of period)**					
	US dollar	0.4669	0.4663	0.4904	0.4722	0.4511
	Real Effective Exchange Rate (January 1999 = 100)	106.23	102.43	99.33	97.20	94.38
IX.	**GOVERNMENT FINANCE (Million)[7]**	**2018-2019**	**2019-2020**	**2020-2021a**	**2021-2022r**	**2022-2023b**
	Total Revenue and Grants	3,181.1	2,716.7	2,143.0	2,253.1	2,939.9
	Total Expenditure (excluding loan repayments)	3,600.3	3,353.7	3,190.3	3,715.1	3,812.1

Table 3: Market Structure

Market Structure	2018	2019	2020	2021	2022
Number of registered insurers	9	9	9	9	9
Life	2	2	2	2	2
General	7	7	7	7	7
Brokers	5	5	5	5	5
Re-insurers (not insured but locally incorporated)	0	0	0	0	0
Number of licenses issued to insurance agents	**462**	**507**	**581**	**562**	**650**
Life	338	359	396	367	432
General	124	148	185	195	218
Gross Premium					
Total ($m)	**347.9**	**366.7**	**369.3**	**383.3**	**409.9**
Life ($m)	142.2	149.9	167.9	186.7	188.8
General ($m)	205.7	216.8	201.4	196.6	221.1
Total (% of GDP at market price)	3.0	3.1	3.8r	4.3p	3.7e
Life (% of GDP at market price)	1.2	1.3	1.7r	2.1p	1.7e
General (% of GDP at market price)	1.8	1.8	2.1r	2.2p	2.0e
Assets					
Total ($m)	**1,744.5**	**1,875.1**	**2,051.3**	**2,280.2**	**2,471.4**
Life ($m)	1,362.5	1,447.1	1,601.1	1,769.4	1,920.2
General ($m)	382.0	428.0	450.2	510.8	551.2

Key: e - estimate, p – provisional, r - revised
Source: Insurance Companies

Table 4: Life Insurance

Life Insurance	2018	2019	2020	2021	2022
New Business					
Number of Policies	16,137	15,213	11,262	8,605	11,944
Sums Insured ($m)	591.8	651.7	555.3	462.1	617.9
Business in Force					
Number of Policies	104,436	104,133	100,319	99,472	101,415
Sums Insured ($m)	3,467.5	3,598.7	3,700.8	3,797.2	3,790.1
Distribution of Sums Insured for Policies in Force (%)					
Whole of Life	2.3	2.2	2.1	2.0	1.8
Endowment	58.2	58.6	58.6	59.4	60.7
Temporary	11.6	10.5	10.0	9.3	8.4
Others	27.9	28.7	29.4	29.4	29.1
Gross Premium Income ($m)	**142.2**	**149.9**	**167.9**	**186.7**	**188.8**
Benefit Payment ($m)					
Total	118.8	129.9	128.4	116.9	117.4
Death	7.1	10.0	11.4	12.2	12.5
Maturity	96.5	101.3	98.9	91.7	88.3
Surrender	15.1	18.5	17.5	12.9	16.5
Sickness and Accidents	0.2	0.1	0.7	0.1	0.1
Forfeiture Rate (number of policies) (%)	**46.4**	**52.9**	**60.3**	**51.4**	**53.3**
Surrender Rate (number of policies) (%)	**2.6**	**4.0**	**4.8**	**2.5**	**3.0**
Investment Income ($m)	**72.5**	**81.9**	**76.8**	**84.3**	**87.2**

Table 5: General Insurance

General Insurance	2018	2019	2020	2021	2022
Premium Income ($m)					
Gross	205.7	216.8	201.4	196.6	221.1
Net	149.1	165.8	159.7	156.4	178.3
Reinsurance	56.6	51.0	41.7	40.3	42.7
Net Earned Premium Income	145.8	160.5	163.6	150.7	170.0
Retention Ratio (%)	72.5	76.5	79.3	79.5	80.7
Claims ($m)					
Gross Claims Paid	128.3	112.0	111.7	83.0	104.8
Net Claims Incurred	111.0	104.8	97.7	78.6	97.3
Distribution of Gross Premiums (%)					
Fire	26.9	27.7	30.5	32.9	30.8
Motor Vehicle	30.7	30.8	28.5	25.8	23.3
Marine Hull/Cargo	2.3	2.2	2.0	1.7	2.0
Householders/Burglary	6.7	6.9	7.4	7.9	7.2
Motor CTP	0.2	0.0	0.0	0.0	0.0
Liability*	3.2	3.1	3.1	3.2	3.4
Workers Compensation	2.9	(0.2)	0.0	0.0	0.0
Medical/Term Life	24.1	25.4	25.5	25.5	26.2
Others	3.1	4.2	3.0	3.1	7.1
Net Claims Ratio (%)					
Fire	179.7	45.8	52.2	34.1	39.3
Motor Vehicle	72.2	67.2	45.4	59.7	71.8
Marine Hull/Cargo	46.3	24.2	71.3	67.8	20.3
Householders/Burglary	1.4	26.4	47.0	11.0	4.5
Motor CTP	107.6	10,036.4	0.0	0.0	0.0
Workmen's Compensation	59.6	264.9	(1,586.2)	(2,202.8)	(4,935.2)
Medical	76.1	71.6	83.3	69.3	91.2
Term Life	54.7	83.7	71.4	64.9	72.9
Total Business	76.1	65.3	59.7	52.1	57.2
Net Underwriting Results (%)					
Expense Ratio	19.8	16.8	17.6	18.4	17.9
Operating Results ($m)					
Underwriting Gain/Loss	6.0	28.8	37.2	44.4	42.2
Investment Income	14.2	18.4	15.4	19.3	16.0
Operating Profit/Loss	2.8	23.1	27.6	41.9	32.7

*Personal Accident, Professional Indemnity & Public Liability
Source: Insurance Companies

3.0 **Sources**

1. Reserve Bank of Fiji Insurance 2022 Annual Report: RBF-Insurance-Annual-Report-2022.pdf
2. Reserve Bank of Fiji Insurance 2021 Annual Report: Reserve-Bank-of-Fiji-Insurance-2021-Annual-Report.pdf

21 March 2025

ANNEX 3

VERBATIM REPORTS

[VERBATIM REPORT]

STANDING COMMITTEE ON ECONOMIC AFFAIRS

INSURANCE OF FIJI ANNUAL REPORT 2021 AND 2022

SUBMITTEE: **Consumer Council of Fiji**

VENUE: **Small Committee Room, Parliament**

DATE: **Tuesday, 1st April, 2025**

VERBATIM REPORT OF THE PUBLIC SUBMISSION OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD IN THE SMALL COMMITTEE ROOM ON TUESDAY, 1ST APRIL, 2025 AT 9.15 A.M.

Interviewee/Submittee: Consumer Council of Fiji

In Attendance:

(1) Mrs. Seema Shandil – Chief Executive Officer
(2) Mr. Ziyad Parvez – Manager Campaigns, Information and Media

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MR. CHAIRMAN.- Honourable members, members of the media, public, secretariat, ladies and gentlemen, a very good morning to you all and it is a pleasure to welcome everyone to this public hearing session. At the outset, for information purposes, pursuant to Standing Order 111 of the Standing Orders of Parliament, all Committee meetings are to be open to the public. Therefore, the meeting is open to the public and media, and will be aired live on the Parliament channel through the *Walesi* Forum and live-streamed through Parliament's *Facebook* page. 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. We do note that this will only be allowed in a few specific circumstances which include national security matters, party confidential information, personnel or human resource matters, and meetings whereby the Committee deliberates on all issues before it develops its recommendations and reports.

I wish to remind honourable Members and our invited attendees that all comments and questions to be asked are to be addressed through the Chairperson. Be mindful that only the invited submittees will be allowed to ask any questions or give comments to the Committee. This is a parliamentary meeting, and all information gathered here is covered for under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. Please note that the Committee does not condone libel or slander, or any allegations against any individual that is not present to defend themselves. In terms of the protocols of this Committee meeting, please be advised that whilst the meeting is in progress, movement within the meeting room will be restricted. There should be minimum use of mobile phones, whereby answering of mobile phones should be done outside this room, and all mobile phones are to be on silent mode.

(Introduction of Committee Members)

With us this morning is the first submittees, representatives from the Consumer Council of Fiji, who the Committee has invited to provide a submission on Insurance of Fiji Annual Report 2021 and 2022. I now take this time to invite our submission guests to introduce themselves before we proceed with the submission. Please note that if there are any questions by the Members of the Committee, they may interject, or will wait until the end of the presentation to ask any questions.

(Introduction of representatives from the Consumer Council of Fiji)

MRS. S. SHANDIL.- Mr. Chairman, as we all know that the insurance sector plays a crucial role in protecting Fijian consumers, and business the same, but persistent challenges

undermine truth and accessibility, hence today through our responses, we will examine the key consumer pain points, systematic barriers to fair outcomes, and actionable solutions to strengthen this industry. For Consumer Council of Fiji, the main goal is to foster a sector that truly serves all our Fijian consumers.

Question No. 1:

What are the common types of insurance complaints received?

Exploring Fiji's insurance complaints, it boils down to three gaps - speed, clarity and fairness. Bridging this can transform customer experiences. We have done a detailed analysis, and that analysis reveals five pain points that stems from one problem, which is treating customers as case numbers rather than people. Looking at the first pain point from our slides, we can see that the first pain point is delays and process inefficiencies. Starting with the most pervasive issue, which is delays, whether it is a car accident claim, or a medical insurance claim, or even a life insurance payout, customers are waiting for too long. Why is this happening?

Insurance often gets bogged down in paperwork, and worse, what happens is there is a lack of repair service operators' coordination with the insurance team, and for hospitals they are not properly coordinated with the insurance claims team. that is where a lot of time is taken and delays happen. Imagine a family waiting for weeks for medical insurance approval that needs urgent treatment, actually this is very frustrating. Our consumers are going through this because sometimes they have to run around multiple times to get a medical cover, or medical insurance claims approved. We do have a solution, maybe whilst I'm talking about the pain points, I will just talk about its impact - what are the pain points, the impact, and also at the same time I will highlight some solutions.

I think we can correct this by having a strict service level agreement, say 10 business days maximum for standard claims and lesser working days for claims that are very urgent, and digital tracking so that customers are not left in doubt.

Second pain point that we could see from this analysis is ambiguous policy, terms and coverage disputes. It is an uncomfortable truth, but of course the truth. Many policies are written like 19th century legal contracts. When customers hear full coverage, they do not expect 14 pages of exclusion, and that with size 8 font or even smaller. This leads to explosive disputes when claims are denied for uncovered events. Mostly when it is time for making claims, that is the time when consumers or customers are made aware that certain things are being excluded from their claims.

Complex and vague wording in the policy documents also lead to misinterpretation and disputes during claims because the terminologies used are beyond the understanding of some of the customers. Normally when customers purchase any sort of policies, they depend on the insurance company or the agents to explain things to them, which is not clearly explained to them. Even the contracts that they are given, that has ambiguous terms and terminologies, and sometimes the policy that they have and the policy that the insurance have differ in terms of the terms and conditions. I think there is a need to adapt plain language policies with clear infographics. If you look at New Zealand, they have the easy read insurance templates that has reduced disputes by 35 percent. We can also do the same.

The third pain point that we have identified is the unfair claim rejections or underpayments. Claims have been rejected for technicality. You did not disclose childhood asthma. Claims denied. Who remembers about his or her asthmatic attack when he was four or five years old? And then you get another one at the age of 35 and 40, and that is when you are informed that your claim has been denied. When you purchased the policy at the age of 25 or 26, there was no issue, (8:48) there were no medical tests and no signs of asthma. Similarly, claims for motor vehicles, if the cost of repairing that vehicle after accident is $10,000, what they are offering you is $2,500, even though you have purchased the vehicle cover for $10,000 or $15,000.

Policy holders frequently face three key payout challenges. One is partial settlements where insurers cover only part of the claim amounts due to exclusion or insufficient documents. This leaves the customers in financial limbo. There are disputed assessments where disagreements over damage valuations or policy interpretations result in contested claims. The fix is there as well. There should be independent assessors, not the assessors that are identified or are in the panel that has been identified and formed by the insurers.

Also, the fourth pain point would be poor communication and transparency. Many of us have played phone tech with the insurers. (9:59) Of course, we all must help. Customers get premium increases after the fact that there are no prior notices. So when they are up to an annual renewal for subscription for their policies, that is the time they come to know that the premium has increased and that increased too without any justification. They also come to learn that there is a policy lapse when they go to make a claim of their policy, and no communication whatsoever has happened with the customers about the policy lapse. There was no reminder. Even if you inquired, then they would say that they had sent a reminder, but that too, to an old address. So this is not just bad services, we could say this is systematic negligence. We are living in a digital age, so there should be mandatory SMS or email notifications sent out to their customers, but this is not happening.

Finally, documentation failures. This is the most absurd complaints. Beneficiary payouts delayed because the insurer lost a particular document, say marriage certificate, or refunds have been withheld due to missing cancellation forms that were sent out to the insurer three times, but yet they do not have that in their possession. We are living in 2025. If you look at the report that was sent to the Committee that was released by Consumer Council of Fiji in 2008, the issue remains the same, even in 2025. We are in a digital age, yet we are having a paper chase chaos. There should not be a paper chase chaos. We can use automated payment system. We can use digital infrastructure to communicate with the customers, to disclose information with the customers and inform them of any changes, but yet that is not happening.

Question No. 2:

Provide a breakdown on number and nature of complaints from 2019-2024?

If you look at the total number of complaints received during the period, that is from 2019 to 2024, we received a total of 216 complaints with a monetary value of approximately $1.7 million. It must be highlighted that these official complaints figure discussed here is just a tip of the iceberg because it does not truly reflect the number of complaints or the extent of problems our customers or consumers are facing in the marketplace. There are also other authorities where they go to lodge their complaints and there are many who may not voice their concerns at all.

The most recurring issues are mostly for vehicle insurance because we should see that there are delays or lengthy turnaround times for claim settlement due to complex internal procedures or lack of communication between the insurer and also the repair service providers because mostly it deals with vehicle insurance. The policyholders may face claim denials or reduce payouts or there may be disagreements over the quality of repairs, use of non-genuine parts and delays in which vehicle replacement contributes to customer dissatisfaction. So the trend that you see in these complaints is that it has remained high across all these years, indicating systematic issue with claim settlement and repair service coordination.

Looking at life insurance, again it is delayed payouts, again it is the policy lapse due to mis-payments. We have also seen that there are disputes over payout discrepancies. Policy holders frequently dispute settlements that are significantly lower than the coverage amount initially guaranteed in the policy. So what they receive at the end of the maturity is something different to what they have been promised initially when they purchased the product.

Moving into the health insurance. Looking at the trend for life insurance, we saw that the complaints spiked in 2021 and 2022, reflecting challenges in handling debt claims and managing beneficiary disputes during the pandemic period. And the trend in health insurance, again we saw a spike in 2021 and 2022, that was likely to be driven by increased medical costs and heightened demand for health services. So what we have seen in this health insurance area is that, many of whom, these insured individuals who are paying significant premiums are being asked to cover large medical bills on their way before they can actually claim for investment, which means waiting for weeks or months.

Just recently one of these medical insurance providers, they have changed their stance on direct billing. What actually has happened is, when you go for your medical test locally, you just go and get it tested and there was a direct billing system from the insurer to the medical service provider. But now it has totally totally changed. You must make an upfront payment and then go back and ask for investment. This is putting financial burden on the consumers, which means they must keep aside additional funding for medical emergencies. Why pay high premiums for medical insurance coverage? Discussions revealed that that was already in the policy, but it was not implemented but there is no transparency.

This is where our regulators need to act. What they need to do is they need to get the old policy and check whatever has been sort of claimed by this insurance provider is correct or not, but they have gone ahead with implementing that. This is the extent of problems that our consumers or customers face in Fiji in terms of its insurance industry. As I have already discussed, there are three key patterns as well - operational inefficiencies, communication gaps, and ambiguous policy terms.

Question No. 3:

Briefly outline the specific insurance product or companies that generate more complaints.

As you can see in our submission and also on the slides, LICI is leading, and most of the complaints are particularly over claim denials, surrender value disputes, and delays in processing their claims. This is followed by New India Assurance, mostly deals with motor

vehicle and the issues are mostly undervalued claims, delayed repairs, or sudden premium increases and coverage disagreements. This is again followed by BSP Life Insurance. (16:50) Again, it is delays in refund, surrender value disputes, and then issues with medical claims, et cetera. And then as you can see, it is Tower Insurance, followed by FijiCare. My apologies, honourable Members, I think we missed out on Sun Insurance. It's in the submission, but not in the presentation.

HON. P.D. KUMAR.- I was wondering why.

MRS. S. SHANDIL.- So the key takeaways from this is that life, motor., and medical insurance generate the most complaints, often due to unclear terms, claim delays and undervaluation. LICI, New India Assurance are currently leading complaints. It may or may not be the influence of their larger customer base, we do not have the statistics to back that up, followed by FijiCare and BSP Life.

Question No. 4:

How do you educate consumers on their rights and responsibilities on insurance policies or products? Provide samples of how awareness is conducted?

As we all know, Consumer Council is an advocacy organisation, and we invest huge on aggressive advocacy or awareness on every issue that affects our consumers. We raise alerts, we inform them, we try to educate them and equip them with all the consumer information so that they make informed decisions. In terms of insurance policies and products and their rights and responsibilities in this area, we run multi-platform customer awareness campaigns, including social media, graphics, TV and radio. We go on TV or radio segments, newspaper articles, (18:31) and we try to explain claim procedures, exclusions. We talk about different policy disputes, their responsibility in making sure to go through the fine policy prints before they actually sign the policy. In Fiji, what we have seen is that, the policy documents are given either on the day of signing or maybe a month after signing to the customers. It is never issued beforehand, and they rely on whatever information that has been imparted to them through these agents. It is very hard sometimes. Once you sign the document, it becomes a legal document. It becomes very hard to prove that the agent has imparted wrong information because it becomes hearsay. That is the major problem in Fiji.

We try to educate our people on how to make informed decisions, the importance of going through the documents thoroughly before signing it because, as we all know, it is a legal document. We have also given some social media advisories, and we are doing this, I think, almost every month or every second week because there are a lot of issues, and as I have already alluded, the issues are same over several years.

Question No. 5:

Do you collaborate with Reserve Bank of Fiji or Insurance Association of Fiji to address systemic issues in the insurance industry? If so, what were the issues discussed and the outcome?

Yes, apart from raising our issues and concerns through formal correspondence, we do collaborate with them through the Consumer Protection Financial Capability Working Group. This group or partnership focuses on raising consumer awareness on financial education to build crucial life-skills that empowers individuals to make informed financial decisions, avoid

financial scams, and also achieve long-term financial stability. Previously, we used to engage through the Complaints Management Forum, though this forum is largely inactive now. This forum was established to look into the similar issues that we have discussed, the trivial matters against financial institutions that are licensed by Reserve Bank of Fiji, but nothing much has evaluated in these forum meetings. Based on various meetings that we have attended, we have highlighted the issues through our submissions, through attending that meeting, but we have seen little progress being made. It is disappointing to see that that forum has not actually achieved any meaningful outcomes.

Question No. 6:

What changes would you recommend in the Insurance Act or practices to RBF?

The Insurance Act 1998, we feel it should be amended to strengthen consumer rights in the Insurance Act or simplify insurance policies for consumer clarity. It must be mandated or amended to mandate plain language policies with bolded and maybe with a larger font size exclusion, require pre-sale disclosure of all terms and conditions and extend the term. We do not have cooling off period in Fiji, so I think we should also include cooling off period to all insurance products, not just life insurance.
These reforms will combat the mis-selling by ensuring consumers fully understand the coverage before purchase and can withdraw if the terms differ from whatever has been communicated, advertised or advised by the agents. We also need hefty fines for agents who mislead the customers because when they are reading out the policies in the initial phase, most of the time, what consumers or the customers have revealed is that the same was not communicated while they may claim so, are not communicated during the discussions.

There should be some reforming of the surrender and forfeiture rules in the Act. Life insurance surrender values remain highly problematic with policyholders often receiving insignificant retails despite years of payment. The expectation is that we will receive this much or this many thousands of dollars, (23:03) but at the end of the maturity, that does not happen. The Act should reform by:

- standardising the calculations to guarantee minimum payouts;
- reducing the waiting period from three years to, say, one to two years; and
- mandating insurers to provide surrender value calculators at the point of sale.

On the insurance company's website, similar to what Australia and New Zealand is doing. If you go and check the websites of these insurance companies, they have these surrender value calculators, which we do not have. These changes will prevent exploitative forfeitures and ensure transparent disclosure of potential returns should the customers decide to surrender their policies. Also, we need to, through amendments of the Act, improve claims and complaints handling. Chronic delays and unfair claim denial should end now. It has been there for quite long. There should be some reforms legally, maybe there should be a strict deadline, say, 30 to 60-day payout with penalties for delays.

Independent medical panels are not insurer-chosen doctors because decisions will be made in the favour of insurers if they select the panel of doctors to assess treatment and a ban on the low-cost treatment process that deny essential care. I think these changes will force insurers to prioritise patients over profits because just recently there was someone who called and was discussing about the group insurance cover. When they purchased this group

insurance medical cover, they were not informed that if they want to get this treatment done in India, there is just a limited set of hospitals that they will be sent to. Should you choose a hospital outside that, you will be given only 80 percent of the total medical cost. So according to them, there was no communication whatsoever about the terms and conditions of the group cover. These are some areas that can be corrected if we have all these things included in our Act.

The RBF should also strengthen enforcement through random policy audits to catch fine print abusers and publicly name repeat offenders or violators. Annual insurance reports should disclose not only claim rates but claim denial rates as well. I think that is very important and also surrender values and complaint statistics that they have received. We do have a financial ombudsman, but they need a binding authority.

Currently its rulings are unenforceable, so I think there are a lot of awareness that also needs to be done that Fiji has a financial ombudsman. The Act must also regulate informal insurers so that closes the regulatory gap. For example, credit unions also provide medical insurance, co-operatives to close protection gaps. It should ban insurer-owned brokerages like FijiCare's direct broker model that creates biased advice. That is what we assume.

Finally, they should be enforcing the industry's best practice which is mandatory licensing exams for agents or brokers that should test their product and policy knowledge and ethics. This is something that is being practiced in Australia and New Zealand. The RBF must create standardised policy templates for common products and establish a public database of approved policies. If there is a database of approved policies that will enable consumers to verify items pre-purchased and make informed decisions.

Question No. 7

In relation to surrender of policies, can consumer council provide information on the number of days given to surrender insurance policies with full refund in Australia and New Zealand? And, after how many years can a partial refund be given based on the surrender value? Do their insurance policies provide formula to calculate surrender value?

We did a comparative analysis of insurance surrender policies in Australia, New Zealand and Fiji. It reveals stark differences in consumer safeguards. The findings identified clear opportunities for Fiji to enhance our regulatory framework and better protect policyholders from unfair surrender practices. Looking at Australia, yes, they have a cooling off period which is 14 days for most insurance policies and the conditions are quite simple.
The policy holders can cancel their policies within this cooling off period and receive full refund if they have not made any claims. This applies to life, health and general insurance policies. They also have a partial refund, that is, the Life Insurance Act 1995 governs the surrender of life insurance policy. According to section 207 of the Act, policyholders who have paid premiums for at least three years may request to surrender their policy and receive the surrender value. Similarly, New Zealand also have a cooling off period but that is between 15 to 30 working days and the conditions remain similar to that of Australia. For partial refunds, for New Zealand, although there is no specified mandatory period after which the surrender values must be available, it is common practice for policies to accrue a surrender value after a certain period, often around three years.

In looking at Fiji by contrast, our insurance Act which is 1998 contains no explicit cooling off period leaving consumers vulnerable to rushed decisions without a recourse. The surrender value calculation methods, both in Australia and New Zealand, insurance companies have surrender value calculation methods or tools on their websites to help policy makers estimate the potential cash value they would receive if they choose to surrender their policy early and the calculation method is also outlined in their policy document. The Australia Surrender Value Framework is governed by ARPA Prudential Standard LPS 360 that ensure fair policy holders benefit through actually calculated minimum termination values. Secondly, is progressive scales rewarding long-term premium payments which is three-plus years and types specific formulas accounting for sum insured, premiums paid, duration and bonuses. It is a very structured approach that sets the regulatory framework for transparency.

In New Zealand, they employ a principle-based regulatory approach where insurance must clearly disclose surrender value calculation methods and policy documents and apply them consistently. With no statutory formula being mandated, insurers are required to provide reasonable surrender values reflecting premiums paid and policy duration, ensuring transparency with our rigid prescriptions. On the other hand, Fiji's Insurance Act, section 136 sets only the basic surrender rules, which is a mandatory three-year waiting period, and RBF has the authority to suspend payments but fails to mandate calculation methods for transparency leaving the policy holders vulnerable to inconsistent and overpaid valuations compared to international standards. So all in all, to strengthen our insurance sector, I think we need to introduce pulling off a period, or there should be reforms of surrender value. We need to see that there is transparency for consumer protection, and we can do that if we review our Act and have some inclusions.

Question No. 8:

Can Consumer Council explain why the Fiji Insurance Industry Report 2008 is not available on Consumer Council's website?

Our insurance report is no longer available on our website because we had a website redesign on 6th May, 2022 and all the older reports have been archived to optimize the band usage, with priority now given to maintaining the current consumer resources. However, for transparency and public access to information, we do have hard copies in our Council's registry, but I did share the soft copy which honourable Premila Kumar left when she left the organisation – that is the one that I have shared with the Committee today.

MR. CHAIRMAN.- Thank you very much, Consumer Council of Fiji for that detailed and extensive presentation which covers quite a lot of areas that the Committee had asked the Council to provide information on. One of the things that I noted is, when we had looked at the report, the low number of people getting insured in Fiji; number of cases. I think we saw in the report was around 11,000 or so. What can be done to ensure that more people are insured, particularly when you look at the health sector. More people are to have access to insurance and address depending on government's support. That was my concern when I was looking at the report. Perhaps, other Committee members also can raise some of the concerns they have and some of the issues that they would like to raise with you.

MRS. S. SHANDIL.- Mr. Chairman, I agree with that because we have also seen that. I think the major issue here, one is affordability. We need to relook at our products, and how we can make it affordable. For example, I think, as I have presented in my slides, now there

are concerns about medical insurance cover. People were taking medical insurance for rainy days, because sometimes we do not have thousands of dollars in our bank account to meet medical emergency. Someone gets sick in your family, you need cash, you have already paid high premiums for medical insurance cover, and then when it is time to claim, you are told to make upfront payment. You might not have that much. Medical testing does not come cheap, right? Sometimes you have to spend thousands of dollars at one point in time to get the medical test done. I think that is another issue. One is affordability, second is trust and accessibility. If you are purchasing it now, knowing that you will not be able to access it in the right manner, at the right time, I think that is going to push people away from purchasing such products. For example, you might have heard about the parametric insurance that is now available to the farmers. It is a very cheap product and accessible to farmers in times of certain identified events, which is wind, rain, flooding and cyclones. We need some products similar to those products, which is cheap, accessible and available in times of emergencies. They are also using digital platforms like M-PAiSA to do a quick transfer of money when people need it.

MR. CHAIRMAN.- Are there any questions that you would like to raise to Consumer Council?

HON. A. BIA.- Thank you for that thorough and detailed presentation. I noted in Question No. 5 that the complaints management forum was inactive and ineffective as well. What other avenues do you have inorder to ensure that something is done to any complaint in regard to insurance that is for the office. My second question is, with the 216 complaints, do you have details of how many were resolved and how many were not resolved and what was the reason?

MRS. S. SHANDIL.- Mr. Chairman, can I start with question number two? Yes, we do have these statistics, and I can provide you with the statistics once I am back in the office. We have a number of cases that we were able to resolve and the ones that we were not, there are justifications. Sometimes what happens, if we are not able to resolve it, then we flag it to the regulators, mostly RBF, in this case. It is very hard and beyond our control to follow-up on the outcome, because sometimes, once it is flagged to the regulators, we do not have the powers to force them to give us the outcome of the complaints that have been flagged to them.

Question one, complaints management forum. I really do not know what has happened, but the Council have been attending the meetings that were normally scheduled. Normally we used to write, there were certain requirements where we had to make submissions. We did make submissions, but we did not see much eventuating from them. All the complaints that we receive, what we do is, we try our utmost best to resolve the complaints. However, if we are not able to, then we flag it to RBF. We also make submissions. What we have done is, when we see that complaints continue, we make submissions to the relevant ministries, to the policy makers pushing for change. For example, maybe diverting from the insurance industry, we have a lot of unregistered credit institutions now. We have made a submission and a letter from our Minister has been written to the Governor of RBF with the possibility to look at the Act so that amendments can be brought about, and these unlicensed credit institutions can be brought under the regulator. We try our best to push for policy changes, we try our best to get it resolved. If we are not able to because as we know that we do not have many powers, we are an advocacy organisation, we have a research and debt management team which looks into all financial related complaints. But if we are not able to resolve it, we flag it to the regulators.

MR. CHAIRMAN.- Are there any other questions?

I just have another question relating to the complaints. One of the issues you had raised is communication gap. How can we better address this? You had highlighted, most of the documents when they are presented to those to sign the insurance forms are not understood by them. When you look at the various insurance forms to sign – quite big documents, not easily understood, when it is time to make the claim, that is where the misunderstanding is. What sort of action is being taken to address some of these communication gaps?

MRS. S. SHANDIL.- As I said, this is a recurring issue over a number of years, and I think Consumer Council of Fiji has done a lot of work in this area. We have recommended for changes in our Act. We need to review the Act. I think it is high we need to start punishing because there have been multiple discussions with the insurance company. We do meet with them on a regular basis, trying to look into issues and see how they can resolve those issues. However, what we could see is that these issues keep coming up. Now I think we have to take the hard way, which is whipping. We would say, "they need to be whipped." This is where we need to make sure that there is a provision in the Act that takes stringent actions on violation of those sections of the Act which is not clearly communicating with the customers. I think a lot of approaches have been undertaken to correct this, but we could say there are no changes. We need the regulators to act now.

MR. CHAIRMAN.- You mentioned something about the easy read insurance scheme that has been implemented in New Zealand. Is that applicable here, can it be done?

MRS. S. SHANDIL.- Yes, it is a simple template with very plain language that consumers can read and understand. That has proven to reduce the complaints by 35 percent. We can adopt the same. At Consumer Council of Fiji we also do brochures where we try to simplify information that can go across and people can understand, get educated and acquire the knowledge to make informed decisions. So why can the insurance companies not do that?

HON. P.D. KUMAR.- Mr. Chairman, my question is related to the Reserve Bank of Fiji. We need to understand the role of Reserve Bank of Fiji. They are mainly there for ensuring that the insurance companies do not go insolvent. They look at the solvency aspect of insurance companies. It is a clear indication that they can only do so much and that indicates that when it comes to the consumer protection of insured, unfortunately, there is a huge gap. It is left on Consumer Council and FCCC to solve the issues, but in terms of having a dedicated organisation to deal with it, it is not there and more than dedicated organisation, it is to do with the Act. The Act itself does not have enough provision for consumer protection, and that needs to be carried out. So my question to you is, we understand Reserve Bank of Fiji is reviewing the legislation, so far, what has been your input in the review of this Insurance Act?

MRS. S. SHANDIL.- Mr. Chairman, apart from the submissions that we have made, I think we have not been consulted on the review. We have not made any contribution to-date to that, because we were not even aware that there is a review that is going on. But rightfully as you said, I think I missed out on that, apart from Consumer Council of Fiji and FCCC, I think we should also have something like a Denied Claims Tribunal, similar to Australia and New Zealand. They do have it and model that. In Australia, financial complaints authority, New Zealand also has that and an insurance and financial service ombudsman. They look into the denial claims, they have a specified deadline or timeline for looking into the complaints and coming up with a solution. That also saves time, and consumers do not have to go to court.

HON. P.D. KUMAR.- In my experience, it is not practical for us to model ourselves to New Zealand insurance. They are very much like us, very laid back. And if we want to go forward, the only model we should be looking at is Australia then we can up the game. Otherwise, we will be discussing these issues as we are discussing today.

Coming back to your presentation, you did mention that the some of the issues that we raised in the 2008 Report remains the same. In other words, nothing has changed. There are some changes that Reserve Bank of Fiji did bring about, which is registration of the insurance agents, which was not the case previously, and a few other changes they brought about through the standard procedures or guidelines that they normally issued to the insurance companies. In my personal view, it is still not sufficient, because it is not binding. It is just guiding them and asking them to do all that, but there are no checks and balances whether it is happening on the ground.

So taking the first point where you have said that the issues have remained the same. My disappointment is the fact that Consumer Council is mandated to raise awareness, to keep consumers informed, and one way of doing that is through research. An Insurance Research was done in 2008, Banking Research was done, Pharmaceutical Research was done, Hire Purchase research was done, but we do not find these reports on your website. If your argument is that these reports are old, then my argument to you would be, that most of the books from the library will be taken off. For you to say that these reports, one can make a request, which we did, we found that the Word document was given to us, which is again unacceptable because anyone can change that document. For research purposes, because we want more and more people to do research in those areas. Consumer Council was the first organisation to do research in the insurance sector, there was no organisation or individual who had done any research, because that is the only way you can bring about momentum in this sector; more research, more talking about the sector, then we can see some changes.

But on the other hand, we have seen that while you have removed these reports from your website, the same document is sold online. How do you justify that? A report done by Consumer Council using Australian Government funding is meant for the people of this country, and the Council is mandated to provide such reports to the people of this country. Suddenly, it is taken off your website and the same report is sold online. Can you explain to us how did this happen?

MRS. S. SHANDIL.- I fully understand your concerns, Madam. However, as I said, when we had a discussion with our website developer, that is the advice given . That is why we are keeping the reports in our archives, and we had to remove all those old reports from our website. We will go back and see how we can increase; we will talk to our developers again and see how we can get back all those reports on our website.

HON. P.D. KUMAR.- Thank you for giving that assurance, but you still have not explained to us why this report is being sold online, and the Council is not aware of it. It is creating suspicion in everyone's mind.

MRS. S. SHANDIL.- Sold online, Madam?

HON. P.D. KUMAR.- It is sold online. Just *Google* and you will find everything there.

MRS. S. SHANDIL.- We are not aware that it is being sold. We will investigate.

HON. P.D. KUMAR.- No problem. We can discuss this. But again, your argument to say that in 2022, you did a website, and because of the bandwidth, etc, you could not put everything together. Do you not think Consumer Council being an awareness organisation, that becomes your biggest tool, not only for you as an organisation, but even for Parliament. When we were, when we were reviewing the insurance sector, we relied on that report. Again, for public submission, Reserve Bank of Fiji is reviewing the Insurance Act, there are a lot of people out there who want to make a submission, these are individual consumers. Where will they go for information if you do not have that report on your website? You see what I am saying?

MRS. S. SHANDIL.- Yes.

HON. P.D. KUMAR.- So by having that report on your website, it simply means that you will have more strength in your fines. By removing that report, you are denying consumers the very basic information they need. I think it is high time that you need to put this report back and do more research on these areas to find what are some of the latest trends or changes that are happening around the globe. That will give consumers that power they need to make submissions to Reserve Bank of Fiji and say that these are the changes we would like to see, because currently you are just one voice. But can you imagine if individual consumers get up and they say that, yes, we have read the report, these are some of the changes we would like to see. That will strengthen your voice, and that is the real reason why all this research were undertaken.

MRS. S. SHANDIL.- Thank you Madam, point taken.

We are trying to secure some funding for the research, we cannot do it in-house or hire a consultant because of budget constraints. Looking at it internally, we are doing minor research and some in-house research, making sure that we are updated with information. However, a report like that, are we still looking for some
Funding.

HON. P.D. KUMAR.- Again, I would suggest that, yes, we normally do minor researches, et cetera, but if you want to create that level playing field in the area of research, you need to do a proper research that is published, that is circulated in all libraries, that becomes the discussion point in schools, at universities, then you create this momentum on the issues. But if you do minor research, you put it somewhere, tucked away, people do not have access to it, your work is in futility. It is not reaching out to the very people who are supposed to be on your side. I think you need to change that component to bring about more effectiveness to your work. Like, for example, if the Committee wants information on food prices or vehicle prices or gas prices, or any other fuel prices, is that information readily available on your website? Can we go and download the price change in the last three years or four years?

MR. CHAIRMAN.- Are there any other questions?

Just relating to the issue that has been raised by honourable Kumar on research, do you have any collaboration with existing institutions such as USP or FNU that you can link up with them? Postgraduate students can undertake some research on specific areas which might be require more research and run by the Council?

MRS. S. SHANDIL.- We do work with them, but we have a research team at the Council, whenever we need information, we do collaborate with University of Fiji, FNU and USP.

MR. CHAIRMAN.- Thank you very much. If there are no other questions, we will to bring the session to a close. We wish to sincerely thank the team from Consumer Council of Fiji. We thank you for your time and also for briefing the Committee on some of the questions that we had asked. If we have anymore questions, we request you to avail yourselves to the Committee.

The Committee adjourned at 10.09 a.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON ECONOMIC AFFAIRS

INSURACE OF FIJI ANNUAL REPORT 2021 AND 2022

SUBMITTEE: **Fijian Competition and Consumer Commission**

VENUE: **Small Committee Room, Parliament**

DATE: **Tuesday, 1st April, 2025**

VERBATIM REPORT OF THE PUBLIC SUBMISSION OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD IN THE SMALL COMMITTEE ROOM ON TUESDAY, 1ST APRIL, 2025 AT 10.17 A.M.

Interviewee/Submittee: Fijian Competition and Consumer Commission

In Attendance:

(1) Mr. Pranil Singh – General Manager Regulations
(2) Mr. Krishan Keshwan – Senior Legal Officer

MR. CHAIRMAN.- Honourable members, members of the media and the public, the secretariat, ladies and gentlemen. *Ni sa bula vinaka* and a very good morning to you all. It's a pleasure to welcome everyone to his public hearing session. At the outset for information purposes pursuant to Standing Order 111 of the Standing Orders of Parliament, all committee meetings are to be open to the public. Therefore, the submission meeting is open to the public and the media and will be airline on the Parliament's channel, through the *Walesi* platform, live streamed through the Parliament's *Facebook* page.

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, but do note that this will only be allowed in specific circumstances, which include:

i. National security matters;
ii. Third party confidential information;
iii. Personnel or human resources; or
iv. Deliberations and discussions conducted in the development and finalisation of committee recommendations and reports.

I wish to remind honourable Members and our invited submittees that all comments and questions are to be addressed through the chairperson. Also be mindful that only invited submittees will be allowed to ask any questions or give comments to the committee. This is a Parliamentary meeting, and all information gathered here is covered for under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. Please note that the committee does not condone libel or slander or any allegations against any individual that is not present today to defend themselves. Terms of other protocols of this committee meeting, please be advised that whilst the meeting is in progress, movement within the meeting room will be restricted. There should be minimum usage of mobile phones. Answering of phones should be done outside this room, and all mobile phones to be on silent mode.

(Introduction of committee members)

MR. CHAIRMAN.- And with us this morning, are the representatives from the Fijian Competition and Consumer Commission, who the committee has invited to provide the submission on the insurance of feature reports, 2021 and 2022 and now I take this time to invite our submission guests to introduce themselves before we proceed with the submission. And please note that if there are any questions from the members of the committee, they may interject, or we will wait until the end of your presentation to ask questions. Please, you may now proceed.

(Introduction of representatives from FCCC)

MR. K. KESHWAN.- Mr. Chairman, with respect to the first query that was sent to us.

1. What are the common types of insurance complaints received?

The most common ones are related to vehicle insurance claims and also related to life policies, whereby involving surrender value.

2. Provide a breakdown on number and nature of complaints from 2019-2024?

If we look at the stats for the period 2019 to 2024 we received a total of 25 complaints. These were informal complaints, and the nature of these complaints mainly were insurance payment not registered, insurance claim not paid, refunding of fees and others that are contained in the second page of our stats. On the third page we have formal complaints that were registered, these were a total of 35 for the period 2019 to 2024. Most of these offences, well, not offences, rather complaints, that we received were related to, again, payouts, insurance payouts.

We have not prosecuted any of these complaints, primarily because of the nature of the complaints. The nature of the complaints went to the policy, the policy issue of the relevant insurance policies, it did not involve the conduct of the agent or the broker. Now, these complaints were referred to Reserve Bank through the complainants themselves. We had advised them to take these matters up to Reserve Bank, because Reserve Bank was the empowered body to look into these complaints.

3. Briefly outline the specific insurance products or companies that generate more complaints?

The specific insurance products or companies that generate more complaints with our stats, we have seen New India Insurance had the majority of complaints, and these were primarily not paying out claims or not accepting them.

4. How do you educate consumers on their rights and responsibilities on insurance policies or products? Provide samples of how awareness is conducted?

With respect to our role in advocacy, we do specific awareness targeting insurance policies or products and consumer rights and responsibilities. When these awareness sessions are conducted, we do inform the members of the public of how they can be mindful of the conduct, the conduct of the person who is selling the policy.

So, with respect to that, there is a general awareness on the offences of false or misleading representation including unconscionable conduct as well. These are the avenues that allows us to step in and prosecute, investigate, and then, should there be merits, then prosecute the agents or the brokers.

5. What changes would you recommend in the Insurance Act or practices to RBF?

Now, the changes that we recommend in the Insurance Act. First of all, we dnot regulate or enforce the Insurance Act, and we may not be the appropriate authority to respond on matters related to it. However, if a review of the Act is undertaken, then we are willing to provide our input in our capacity as a consumer enforcement body and to suggest any changes that may allow FCCC to also look into certain complaints.

6. In relation to surrender of policies, can FCCC provide information on the number of days given to surrender insurance policies with full refund in Australia and New Zealand? And, after how many years can a partial refund be given based on the surrender value? Do their insurance policies provide formula to calculate surrender value?

With respect to the specific question on surrender of policies. A main cause of people coming to our doorsteps with complaints is because they do not know what their surrender value is. So, if a person has been paying premiums for about two years or three years, for a policy which has a life of 10 years repayment, and all of a sudden, this person wants to surrender his policy, when they go to the broker or the insurer, that is when they are called by surprise when they find out that after having paid, for example, $25,000 in premiums, they end up getting, say, $8,000 or $9,000. Now, from what, from what I understand, and from the research that I have done, the formula that the insurance companies mostly use, even in Australia and New Zealand is, they have a surrender factor, a percentage that is multiplied by the total premium that was paid minus the premium for the first year.

Now, this formula and the surrender factor, the percentage is not available to the people at the onset of entering into this policy. It is a policy issue, again, I must reiterate. It is something that has been in the system and has been practised for decades now. Perhaps, if there has to be a change, then we would recommend that this change be effected, requiring them to actually notify the interested parties as to what they are looking at, say in the next four years, in the next five years, should something happen, you know, and that forces you to make this decision of surrendering your policy, then this is what you will expect.

So usually, the surrender factor depends on the length of the policy and the period for which repayments have been done. So usually, if a person surrenders the policy in the third year, then the surrender factor is somewhere between 30 to 40%. Now that would mean, after deducting we face their premiums, the person only goes away with maximum 40% of the repayment, so they have lost 60 percent of the repayment. So, this is something that we could look into.

MR. CHAIRMAN.- Thank you, Mr. Keshwan, for the issues that you have raised. You raised an issue with regards to complaints. That you will not look into the complaints if it is a policy issue, but only if it relates to the conduct of the agents.

MR. K. KESHWAN.- Yes.

MR. CHAIRMAN.- Are there any cases that you have come across with regards to agents, how they conduct?

MR. K. KESHWAN.- We have not received a specific complaint that goes to the root of the conduct. We have received generalised complaints whereby allegations were made that certain information was not provided to us and things like that. But upon our inquiry, we find out that this information were contained in the policy document itself. And then, of course, again, the evidentiary issues also arise.

We are a prosecuting body, and the standards that we follow are from the ODPP prosecution code, which requires sufficiency of evidence and the public interest factor. So, sufficiency of evidence, that is where these complaints, since these were very general in nature, it was very difficult for us to look further into it. However, apart from that, most of these complaints, okay, a bulk of the portion of the complaints were related to motor vehicle accidents.

Now, these were instances where the insurance companies did their own investigations, and they had their own discoveries which impacted the decision on payouts and stuff. So again, it went to the close of the insurance contract. And yeah. So generally, with respect to conduct, and when I say conduct meaning false or misleading representation by an agent, we have not received a direct complaint.

MR. CHAIRMAN.- Another question relates to Reserve Bank of Fiji as a regulatory body that looks after the industry, particularly insurance industry. Do you have any evidence of the need to ensure that there is a certain code of conduct for agents to ensure that they know how to deliver their responsibility more effectively. From experience, are there any code of conduct being, it is in the Act, or it has been proposed by the Reserve Bank?

MR. K. KESHWAN.- Sir, the Insurance Act does contain specific offences, and these are offences that carries a fine of $5,000 and in some cases there are fines which are at $20,000

specifically relating to the manner in which the insurers conduct their business. So, I think the safeguards are within the Act. Now, with respect to the enforcement of the Act that goes to the internal workings of the Reserve Bank, which we are not privy to, as we do not have any powers into this Act. But with respect to your question, sir, there are certain offences, specific offences, relating to the manner in which these companies conduct themselves.

MR. CHAIRMAN.- Thank you.

HON. P.D.KUMAR.- Thank you Mr. Chairman. There is a code of conduct set up by the Reserve Bank of Fiji for some agents. It is there, but the question is enforcement and how they deal with the matter. As we had discussed previously, Reserve Bank has got a very specific role, and their role is, as I said earlier on, is to make sure that the insurance companies remain financially viable and they do not become insolvent, because that would be a huge risk to the economy and to the people. So, while we understand that, coming back to FCCC in your legislation, I'm sure there are certain clauses on unfair contract terms.

MR. K. KESHWAN.- Yes.

HON. P.D.KUMAR.- Right. So how do you apply that when it comes to insurance companies, where you know that some of their terms are not fair to consumers, particularly the way they disclose information and how they hide information? It is only you find out when you get into trouble. How do you deal with such matter, taking into consideration that you do have provisions within FCCC Act?

MR. K, KESHWAN.- I think we are yet to look into this aspect, specifically with respect to unfair contracts. I guess the only thing that has been holding us back is the fact that, Reserve Bank was the sole body authorised by the Insurance Act to administer the Act. Therefore, the contracts, the contractual terms, these were stemming out from the Insurance Act. And by virtue of that, we have left it to the Reserve Bank of Fiji. However, I mean, unless there is an amendment that allows FCCC to also look into the conduct and even conduct relating to the contractual terms, then perhaps, yeah, we do get a room to actually navigate our way into these specific matters. But due to the fact that these contractual terms are also coming from the Act, I think that is a restriction on us.

HON. P.D.KUMAR.- You have definitely made a very valid point. And prior to you joining us, we were discussing some of these issues with Consumer Council. We are definitely concerned that consumers are not given that level of protection when it comes to insurance products, and currently, Reserve Bank of Fiji is reviewing the Insurance Act. They are making some changes, and again, we have to look at the consumer protection component separately, as compared to prudential management, financial management of a company. And I personally believe that prudential financial management can go under RBF, but when it comes to consumer protection, that component needs to come to FCCC. What are your views on that?

MR. K. KESHWAN.- I think, from what I understand, I am in agreement. Because, if there is a demarcation between the policy, the survival of these companies, and then, on the other hand, the conduct and the investigation of this conduct from the purview of consumer protection. Like there is a demarcation that allows us to step in and use our expertise with respect to investigations and prosecution and perhaps tackle it. I think it will be more meaningful, more beneficial, because then even the consumers will have avenues. They will know, okay, there is something that is related to it. If there is this, something that is a policy issue, they will go to the Reserve Bank. But if there is something that goes purely to the conduct, they'll just come to FCCC. So yes, I agree.

HON. P.D.KUMAR.- Just one more question. It's to do with your complaints table that was given to us. You mentioned their informal complaints and formal complaints, if you can explain why, you have got a separate table for informal complaints, and what does that mean?

MR. K. KESHWAN.- Informal complaints are basically issues that are flagged to us. These are not people who are formally coming in and lodging a complaint with us and providing certain documents, especially the policy and stuff. So, these are things that they flag to us, and we look into it, and then we just provide necessary advice in respect to where they can go and how they can go about getting the complaint launched with Reserve Bank. Now, with respect to formal complaints, on the other hand, these were complaints where these people, they came to us with documents like motor vehicle cases, they come to us with police reports and there was an accident, and this is my policy, but still, I'm denied this and that. So, again, complaints were received, but due to the same situation where motor vehicle accidents, their own investigations and then it goes back to the contractual terms of the policy. So, your question, madam, informal because of these issues.

HON. P.D.KUMAR.- More of an advisory.

MR. K. KESHWAN.- More of an advisory.

HON. A.BIA.- Mr Chairman, just a point of discussion for motor vehicle accidents and vehicle insurance claims. I think majority of the complaints are in regard to when there is an accident, police do provide the police report in terms of investigations, and because they were there on the spot, the conflict is when they again come to the insurance company, they again do the investigation. Sometimes it is a week later. So, when you do your investigations from the point of consumer protection, how do you defer this to?

MR. K. KESHWAN.- Sir, good one. First of all, we have not received a formal complaint that goes directly to the issue of the conflict between the police report and the insurance company, but, what we have seen is that there were conflicts arising from police reports which were inconclusive. So, when there were police reports, when, when police provides a report of certain accidents where they are not able to, at that time, determine who was at fault. So, there is a generalised police report. And in some cases, there is a police report

which indicates that this particular vehicle driver was at fault, and that charges will be laid. But then when the insurance companies, they go and check charges were eventually not laid in certain circumstances, or perhaps there was a delay or still in process. These were issues that caught our attention, and then again, we refer them to the Reserve Bank. I am not sure whether we have mediated any as yet.

MR. CHAIRMAN.- Thank you. Any other questions? I just have an additional question. We had the previous meeting with the Consumer Council and one of the issues that was raised was the communication. Knowledge transmitted to the public. What actions are you taking to intensify that information, to reach the public?

MR. K. KESHWAN.- Sir, with respect to our awareness campaigns, we are regularly appearing on the talk back shows, the radio talk back shows, and we also do our community outreach. And these avenues are actually used to discuss these day-to-day issues. What we can also do is we can do a tailor-made program specifically for insurance related awareness. Yeah, but I think, since the Act is under review right now, it will be prudent for us to also do our submissions to the Reserve Bank and see how we can go about adding few clauses, and, you know, getting few teeth on that for us to claw.

MR. CHAIRMAN.- Any other questions? If there are no other questions, we sincerely thank Mr. Singh and Mr. Keshwan from FCCC for availing themselves for this submission meeting. Thank you for your time and hope that you will avail yourself if the Committee has any further queries on this matter.

The Committee adjourned at 10.45 a.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON ECONOMIC AFFAIRS

INSURANCE OF FIJI ANNUAL REPORT 2021 AND 2022

SUBMITTEE: **Reserve Bank of Fiji**

VENUE: **Big Committee Room, Parliament**

DATE: **Wednesday, 2nd April, 2025**

VERBATIM REPORT OF THE PUBLIC SUBMISSION OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD IN THE SMALL COMMITTEE ROOM ON WEDNESDAY, 2ND APRIL, 2025 AT 9.15 A.M.

Interviewee/Submittee: Reserve Bank of Fiji

In Attendance:

(1) Mr. Arif Ali – Governor
(2) Ms. Ragni Singh – Chief Manager
(3) Ms. Savaira Manoa – Actg. Chief Manager
(4) Mr. Shanil Totaram – Manager

MR. CHAIRMAN.- Good morning, honourable Members, members of the media and public, secretariat, ladies and gentlemen. It is a pleasure to welcome everyone to this public hearing session. At the outset, for information purpose, pursuant to Parliament Standing Order 111 of the Standings Orders of Parliament, all Committee meetings are to be open to the public. Therefore, please, note that this submission is open to the public and the media, and will also be aired live via the Parliament Channel on the *Walesi* platform and streamed live on the Parliament *Facebook* platform.

For any sensitive information concerning this submission that cannot be disclosed in public, this can be provided to the Committee either in private or in writing. Do note that this will be allowed in only a few specific circumstances which include:

(1) National security matters,
(2) Third party confidential information,
(3) Personnel or human resources matters, and
(4) Committee deliberation and development of the Committee recommendations and reports.

I wish to remind honourable Members and our invited submittees that all comments and questions to be asked are to be addressed through the chairperson. Also be mindful that only the invited submittees will be allowed to ask any questions or give comments to the Committee. This is a Parliamentary meeting and all information gathered here is covered for under the Parliamentary Power and Privileges Act and the Standing Orders of Parliament. Please note that the Committee does not condone libel or slander or any allegations against any individual that is not present today to defend themselves. In terms of other protocols of this Committee, please be advised that whilst the meeting is in progress, movement within the meeting room will be restricted. There should be minimal usage of mobile phones. Thereby, answering of phones should be done outside this room and all mobile phones are to be on silent mode.

(*Introduction of Committee Members*)

MR. CHAIRMAN.- With us this morning, our submittees are the representatives from the Reserve Bank of Fiji, who the Committee has invited to provide us their comments on the Insurance of Fiji Annual Reports 2021 and 2022.

Please note that if there are any questions by the members of the Committee, they may interject or we will wait till the end of the presentation to ask any questions.

(*Introduction of representatives from the Reserve Bank of Fiji*)

MR. A. ALI.- Just for your information, we presented the 2023 Insurance Annual Report, and that was debated in Parliament. That was why we had some confusion of still coming here and presenting on the 2021 and 2022 Annual Reports. Mr. Chairman, do you want us to go through the updates of the 2021-22 or the list of 14 questions that were given. Do you want me to go straight into the questions?

MR. CHAIRMAN.- Perhaps answer some of the questions that we have raised; that will be a starting point.

MR. A. ALI.- For your information, 2021-22, the insurance industry was assessed as solvent. Sir, 2023, gross premiums, which is the last financial, last calendar year, gross premium grew by 7.5 percent to about $441 million. The solvency ratio has increased to 562, and the assets of the insurance industry is $2.7 billion. For the 2024 Insurance Annual Report, this is currently being compiled. The Act is very clear that we need to submit the report to the Minister by the end of June. Over the last so many years we have always complied with this. So we will continue, we are working on it and we should be able to send that report to the Minister before the end of June and then try and present it to the first sitting of Parliament once the printed version is ready. There are a number of questions and maybe I will respond to one.

Question No. 1

What measures are being undertaken to encourage insurance companies to offer affordable and accessible products to all segments of the population?

I think the most important thing that we all need to understand is, insurance products, for most people in Fiji they really do not understand insurance, and this is really the challenge. The other thing about insurance products is that you need large numbers. Insurance is all about pooling and managing risk.

There is a probability that some part will happen, some will not happen. What we have done in the bank is we have got a working group on inclusive insurance under the National Financial Inclusion Task Force and this has been working well. For the information of the Members, some years back we introduced this micro-insurance bundle product.

I remember, when we introduced this product, we started with the Sugar Cane Growers Fund. I was the chairman at that time of the Sugar Cane Growers Fund. We started with somewhere around 11,000 policyholders. This was then extended to the rice farmers, the copra and the dairy, and then government also took over and is paying this micro bundle insurance product to all of the social welfare recipients. Today, under this micro-insurance bundle product, there are almost 105,000 policyholders.

The total policy number is about 105. The amount is $10,000 - $3,000 is for house fire, $3,000 is for personal injury, $1,000 is for funeral expenses and $3,000 is for death. This had been working fine, as I said, it had rolled over.

The other one that we have been working with the insurance industry and with UNCDF is what we call micro-parametric insurance. We started in 2021 and it was done as a pilot project with a few hundreds. This has now grown this year to somewhere around 3,600 policyholders.

I must thank Tower and Sun Insurance for supporting this policy. The premium is as low as $100 and the maximum payout would be $1,000.

In the pilot years, the total amount that has been paid is about $300,000. In fact, there will be one payment that should happen maybe next week or so. This is based on the recent floods and heavy rain that we had earlier this year. So the Reserve Bank is at the forefront of this. We have got InsuResilience, a German-based organisation that has given us a million euros. We are working with Sun and Tower Insurance to roll it out.

The target that they have set for us is 2,500 policyholders for the first year. Our internal target in the bank is to do at least 50 percent better. As I said, we have got about 3,600 policyholders this year. The target for next year is 3,500. Internally, we want to target somewhere around a minimum of 5,000 policyholders. We have got the sugarcane farmers, the social welfare recipients and a few other disabled people. One of the other requirements under this is to have at least 145 percent females as policyholders. We think that we have met that with the social welfare and are few others. We have, over the last couple of weeks, signed an MOU with the Ministry of iTaukei Affairs and the Ministry of Social Welfare. We are currently in consultation with the Ministry of Rural Development and Natural Disaster to upscale it. We strongly feel micro-parametric insurance is one way to increase the coverage.

What is the difference between parametric insurance and normal insurance? Normal insurance is supposed to take a house insurance for cyclone cover. The trigger is, if a cyclone comes and there is damage to the house, then only will there be a payout. So, they will come and make an assessment. Parametric insurance normally covers a wide range of people.

They will not come and look at whether your house is damaged or not. The triggers are whether you have so much of rainfall or wind. So, if they said that the trigger is so millimetre of rain, and if the rain is met, or the trigger is met, then everyone in that area will be paid. Or it is the wind, if the winds are so strong, then, you get a payout. This is micro-parametric insurance. We feel this is a great thing, simply because the people who are most affected during natural disasters are the poor people and micro-small businesses. The other benefit of this is that money is paid very quickly into the mobile wallets, and as I mentioned earlier, about $300,000 has been put to take under this micro-parametric insurance.

Mr. Chairman, do you want us to continue?

MR.CHAIRMAN.- You want to ask any questions, honourable Kumar?

HON. P.D. KUMAR.- Yes, just an observation. We have seen over a period of time how these new products have come into the market, and it is helping the lower segment of our population. I quite enjoyed your statement, Governor, where you said that with parametric, it is easy payout through mobile phones, or they just look at the assessment of the wind, et cetera. It is not an individual assessment of a home but when it comes to the other cyclone cover, I think the public and individuals all have their own experiences with insurance companies. It is not easy as what you have just said.

So, the question would be, how can we simplify or make the process much neater, smarter and acceptable for other insurance products so that people enjoy a good experience with the insurance company? I will tell you, there was a cyclone and we had water in our house. We applied for some relief, and we were told that the roof did not move by so many percentage, et cetera. However, as far as I am concerned, I do not know, no one told us, the

only thing I know that there is damage inside the house. These are some experiences where your claims are denied, and people are frustrated. That could be one of the reasons why they are not signing up for different insurance products because of a bad experience, and of course, not having that knowledge about the product.

MR. A. ALI.- I think one of the things I started with saying that insurance is very technical, and this is where most of us, as you rightly said, when you take insurance, we think that will be paid if this happens, and the fine lines between that. However, just to give a background, most people in Fiji do not know that there was a time whereby we had so many cyclones, and the losses that the general insurance companies were making, because when you pay insurance premiums, the insurance can then go and reinsure it offshore. London is where where most of the reinsurance is taken, they said they will not take any more cyclone insurance from Fiji. That was, I think somewhere around *Cyclone Kina*. That was when engineer certificate then came in, and people were insuring their houses. In most countries, you do not need an engineer certificate to get your house insured, because it is built to standard.

Unfortunately, in Fiji, there are lot of houses that are not built to standard. The standards are there, it is not built, and therefore the chances of it being blown away during a cyclone is easy. Your point is noted, honourable Member. We will talk to the insurance companies. I know they are coming here. We continue to talk to them to ensure that when they sell the insurance product, they clearly tell them what the things are. So creating that awareness is very important, and what are the triggers.

HON. P.D. KUMAR.- Just a question rather an observation as well, we see that in our neighbouring countries, Australia and New Zealand, for awareness raising, they use insurance companies, they use digital platforms, and very clearly they explain in the language that people can understand. They also have comparative calculators, or you can call it analysis, on the different digital platforms, where you can see, compare and decide what you want. And of course, it tells you what it covers. So, probably that level of awareness is required in Fiji so that more people can sign up for insurance products.

I recall during my time at Consumer Council, we did find out that the real problem why people were not signing up for insurance products is because of some bad experiences they had. And they say, "Oh, why should I have a cyclone cover?" Despite having an engineer certificate and everything, I had to pay from my pocket, and now we are seeing a similar situation with some of the medical insurance where they are saying that you pay upfront, and then you claim.

Who will have $10,000 or $15,000 to go to one of the private hospitals to have an operation done, and then you come home, and claim. It defeats the whole purpose of having an insurance product for peace of mind, because that peace of mind is not there. These are some of the things that were raised to us through the Consumer Council yesterday, and FCCC, and obviously from other experiences that we have.

MR. A. ALI.- Your point is noted. I think one other issue with insurance is, when people pay insurance, and most general insurance is you pay a premium on an annual basis. So, pay one year that is medical or car insurance or a house nothing, you do not get any relief because your house is not damaged, or there is no cyclone. Second year - nothing, third year - nothing. And then people say, "Hey, is it really worth paying because I am not getting it and this whole

concept of paying insurance is that one in a 20 event, one in 100 year event, when it happens, you do not have to run around for $10,000 or $100,000 medical things.

The other important reason why people are not taking insurance is, we had a survey done and a lot of people think, "oh, nothing is going to happen to me." That is the other problem as well. There are a number of reasons why people are not taking insurance. And the key is, for example, when it comes to house insurance, people only take house insurance as long as they have a mortgage. The day the mortgage is paid off, because the banks do not insist, people then say, "it is okay, let me save $1,000 because I do not have to pay." And then when a disaster strikes, then you start running around.

MR. CHAIRMAN.- Thank you, perhaps you can continue.

MR. A. ALI.-

Question No. 2:

How does Reserve Bank ensure that profitability and solvency of a company is balanced with products and affordable premiums for consumers?

The insurance industry is all about risk taking. You take risks, you pull them, and hopefully at the end of the day that disaster strike. Every product that the insurance companies launch, they come to us for approval and what we then look at is whether they have done a proper feasibility assessment of it, that the board has approved, and then only we get them to use this, because the last thing we want is for them to issue a product and they make huge losses. And if they make huge losses, then the solvency or the sustainability of that company or the insurance companies will affect not only that class of business, but all classes of business. So, the board and the senior management must do a feasibility study and also we do that. Therefore, what they do is, they feel that there is a demand for that product, and of course, if there is a demand, then hopefully they will get enough premiums to cover for any losses.

HON. P.D. KUMAR.- Is there any percentage that you look at, how much should be the assets or against the liabilities? Or how do you gauge that?

MR. A. ALI.- We have a number of indicators that we look at in insurance that considers things solvency in terms of the assets, their liabilities and how much is reinsured. We look at liabilities, we look at the trend, there are a number of other financial ratios that we look at, but when it comes to new products, it is slightly different in the sense that, they have done all the feasibility studies, there is a demand for this product and this is the premium they will be able to charge. Hopefully they will get enough. So similar to the banks, there are a number of benchmarks, indicators that we look at for insurance companies.

HON. P.D. KUMAR.- Often the perception is, "yes, insurance companies have a lot of assets. The shareholders are getting their shares." But when it comes to the payment, that is where the problem arises. Obviously, all the eyes on Reserve Bank, because currently, there is no other organisation that looks after insurance, unlike in Australia, where you have APRA and again, when we hear from Reserve Bank, the focus is on the prudential aspect of things. When it comes to the consumer component, for example, FCCC, their legislation talks about unfair contract terms, misleading, et cetera. So, the consumer angle is on the other side. But when we talk to FCCC, they said, "we do not look after insurance, it is the Act, and everything else is

with Reserve Bank." And then yesterday, it was mentioned that with the Financial Ombudsman, whether the ruling is binding. Can you just throw some light on that?

MR. A. ALI.- Remember a few things. One is, we have got a policy on market conduct. Similar to what happened in Australia. We put that policy out to all licensed financial institutions, making sure that they do not oversell. One of the problems in Australia is when they oversold mortgage, for example, right? This is something we have we put out. The other is, we have a complaints management framework that we have had for at least 15 years now. I think it was introduced when Mr. Sada Reddy was the Governor in 2008, 2009. The numbers that we see are based on complaints, and we are not saying there were no complaints; there were complaints. The complaint management framework works in the sense, first you go to the insurance company, if it is not solved, then you come to us. For the numbers in the last couple of years has been somewhere from 10 to 15 that has come to us. Last year we had four. With the ombudsman, the person does not have the legal powers; you are correct. But even that, we are the regulator and supervisor, at least they listen to us. I can tell you that a number of cases have come to us, we have been able to resolve it using our convening power. We do not have the legal powers, but we use a convening power to say, "hey, we think that there is merit in this." A lot of times, the people who make money are the lawyers, because if this goes to court, then this drags for three to four years, and the lawyers ultimately make money. So, when we intervene, we feel that there is some merit. There are times when we say, "hey, we really do not see a merit." However, in most instances, whether it is the insurance company or the banks, we have been able to find an amicable solution, but without the legal powers.

HON. P.D. KUMAR.- So what we noticed, Governor, the number of complaints RBF received is very few; that is true. But other agencies, Consumer Council and FCCC, they have also been receiving much more than RBF, and we do not know how many complaints are received by the insurance companies. The question is, is it possible to include all complaints from all the agencies so that when it is reported in the annual report, we will be able to understand the issues better and what is required to fix those issues? We also had these questions to the other agencies where they have named the insurance companies where the complaints are a lot more as compared to the others. We just wanted to compare it, whether it is same with that particular company, with Consumer Council, or is it different with FCCC, but it is same. Wee request, if that is possible.

MR. A. ALI.- So the complaints to us has been on a declining trend. The complaints to the insurance companies, the banks or FNPF, they give us their statistics. That statistic is available and is also on our website, but the ones from Consumer Council as well as FCCC, we do not have total numbers, but I know that from time to time, I receive emails from the CEOs of both organisations. They said, "these are complaints and they formally write to us." But after this meeting, we will write to them, and try and tell them to give us, periodically, the numbers that have come to them so that we can include in our statistics.

Question No. 3:

The next question is, there has been a long delay in the Insurance Act.

To be quite honest, this is something that the previous government at one stage said that they want reviewed. We worked with the IMF office that is housed in Fiji, which is the IMF's financial technical assistance, and a revised draft was done. We circulated it to all the insurance companies for their comments. They came back and then, unfortunately, COVID struck, and a

lot of things were put on hold. We have now initiated a review, again, given that a lot of things have changed, for example, there is something that is now coming in place, called IFRS 17. This is a new accounting standard. No accounting firm in Fiji understands IFRS 17, to be quite honest. The global companies have been able to do that.

The local insurance companies now saw some consultants to help them. With the Fiji Institute of Accountants, they said that it should be implemented. We have given the insurance companies until next year, to comply, simply because there is no one who is an expert on this. We ourselves are not really an expert on this thing, and that is something we are learning. So, yes, there has been a delay. We hope that once we send it to the insurance companies for their comments, then the ball falls in government's court to then table it. Hopefully, we will see that it goes to Parliament at least in 2026.

Question No. 4:

Why do we need to change the Insurance Act? We need to change it to give us more powers. Because, as you rightly said, there are certain areas that we do not have powers, but the other is to bring it in line with international best practices. So, the key is, in line with international best practices, but also gives us powers in certain areas that this Act does not.

HON. S.T. KOROILAVESAU.- Mr. Chairman, Governor, the review is expected to be completed at the end of the year. There is an issue with the agencies that we have met. They have said that they have not been consulted, these consumer-based agencies said that they have got points that they would like to express. Are you considering talking to them before finalizing the review?

MR. A. ALI.- Definitely. I know that this has been an issue that has been raised previously in both Consumer Council and FCCC, or the other stakeholders. We do share with them. One of the things that we really need to understand is that this Act, similar to the Banking Act, a lot of this is prudential supervision and regulation. It is not so much on consumers but we will see whether there are some aspects of what they want to say and how best we can improve that. So definitely, we will share with them in terms of your comments.

HON. P.D. KUMAR.- Governor, it indicates that we need to have two systems, right? The prudential component with the Governor of the Reserve Bank of Fiji, and the other aspect needs to be with the consumer organisation. Would you be looking at that component, would you recommend that to the Minister?

MR. A. ALI.- Australia has that separate. They have APRA, ACC and recently, the Reserve Bank of Australia. There are other countries that do not have it. I mean, New Zealand does not have a prudential thing. The government is willing to fund that institution. So, the ball is in the government's court in terms of what direction they want to take, because there are cost implications on these things.

HON. P.D. KUMAR.- One of the consumer organisations, which is FCCC, they are regulators for consumer matters, and the right place is for them to look at the consumer aspect of things that will not incur any major costs, because it just requires the regulators and the staff members, and they already have an established organisation considering the different complaints, et cetera. Even if you look at the Insurance Review Act, with the research that was done, it highlighted a lot of issues which is not prudential in nature, really nothing to do with

RBF. And when other aspects are not looked into, the confidence in people starts dwindling. So how do we build that up?

MR. A. ALI.- Currently, they can handle the complaints. Consumer Council can handle these complaints. Even if it is such a technical area, there are lot of times Consumer Council comes to us because insurance is a very complicated industry. Within the bank, there could only be 20 people who really understand insurance. So, the key is giving power to the legislation. But do they have the right skills, capabilities and technical skills with them? Right now, anyone can go to FCCC and complain, because it is a legitimate complaint. They can look at it. They do not have to come to us. The reason they give it to us is because they do not have the skills. They go to Consumer Council, they look at it, they do their own investigation, and sometimes they come to us. Even with the current legislation, complaints can be given to Consumer Council, and they can handle it.

HON. P.D. KUMAR.- So Consumer Council is definitely handling the complaint, and they use this mediation process and come to an amicable solution. But when they find problems with the conduct of the insurer or the unfair contract terms, et cetera, these are the things that can be looked at by FCCC, because Consumer Council is really an awareness body. As a regulator, FCCC is more than capable to handle any issue, for that matter, because they can also employ skilled people to handle those matters. I can see that in all our discussions, it is clear that RBF is looking at the prudential, solvency aspect of things, but when it comes to other things, it is not really looked into. The conversation we had with FCCC yesterday, they also said that they do not have the powers to do that, because it is the Insurance Act and it is with RBF.

MR. A. ALI.- Let me correct whoever came. They have all the powers to go and do that. So to pass the buck, to say that they do not have the power, they have the powers under the Act. They do not have to come to us. They have been doing that. To say that the Act does not give the power, the Act gives them the power to look at this. They should not hide under our Act, to say that they cannot do it. I think, the message from me is the Act gives them the power to do it.

HON. P.D.KUMAR.- I think we are all one team here.

MR. A. ALI.- Yes.

HON. P.D. KUMAR.- We are trying to improve the system.

MR. A. ALI.- But, it is important that....

HON. P.D. KUMAR.- Can it be possible for RBF to have this conversation with FCCC, and iron things out so that there is a lot more clarity in terms of their role?

MR. A. ALI.- Honourable Member, when they come and tell a Parliamentary Standing Committee, when something is not fixed, then it is important that I also clarify here that they are not telling the facts. Their Act gives them the powers to do that. The reason they come to us sometimes is simply because it is beyond them in terms of their technical knowledge. We have created this complaints management forum for a number of years. Over 15 years, everyone knew that the complaint comes to us, and when the complaint comes to us, my instruction to my team is to always make sure to handle it ASAP, because when people

complain to us, that means that they have gone everywhere. One thing we all need to understand also is that the consumer may be correct, the insurance company may be correct, and sometimes it could be anyone's fault. It is not always that the insurer or the consumer is right. The customer may be right, but we have to take an independent view in terms of the customers.

I will give you an example, and this is where we have told the insurance companies to be careful when buying a new car, say $100,000. And then what you do is that you continue to buy a $100,000 premium based on $100,000 but that car is depreciated after three years to $50,000. If there is a write-off, you will not get $100,000. We have told the insurance companies, make sure you are clear in terms of informing them, because you cannot be paying a car that is three years old $100,000, we need to create more awareness on this.

I will give you another example. In the last couple of weeks, I have had a number of complaints from rental car companies. They have come to me, they have written to the Minister and they have written letters to the editor. So I called most of them, some have not replied, and they have not come. Their understanding is that Reserve Bank can force insurance companies to offer them that insurance policy. I told them that some of them, when they move, they had an insurance policy with the insurance company. Now the premiums have significantly increased because of the claims. You put a $10,000 premium a year, you claim $100,000 because there are two write- offs. Another year, put $10,000 you write-off another $100,000. Now that insurance company, given its track record, will increase your premium.

Now they go to some other company and that other company says, "please bring your previous claims." When they came to me, I said, "please give me all these data." You will need to understand that the total premium in a year is almost half a billion dollars, whether it is you, me or someone else has paid. We need to ensure that the insurance companies are solvent. The insurance companies are not solvent, then someone will not be paid. So our responsibility, as you rightly said, first and foremost, is to ensure that the insurance companies are solvent, so that when the claims are made, they are genuine and they are being paid. Otherwise, then insurance companies will go bust. Alot of people will not be paid. This is the challenge whereby, if you look at our insurance enrolment, there are two classes where losses have gone up here. One is motor vehicle. You hear everyday of accidents, new cars are very expensive. Then the labour cost has gone up in terms of any of the garage that you see. And three is when you get a new car, the dealers do not have parts. They have to ship it. It is quite expensive. So, the cost of repairs has gone up. There are so many new accidents, and therefore the motor vehicle cluster. The other is the medical cluster. There are some other clusters that are subsidizing these things. This is all the data that is available in the insurance report.

HON. P.D. KUMAR.- Looking at both years reports, one thing for sure that consumers love endowment insurance at life insurance, where it is an investment insurance, and the money they get back. It appears that it is one of the favourite policies, and there is a huge uptake for that. So that is pretty positive.

MR. A. ALI.- Mr. Chairman, I will quickly touch on insurance. There are two life insurance companies in Fiji. Every time I meet LICI, when someone comes from India, I thank them, because they have been here for over 60 years. Colonial, which was before BSP, has been here for almost 100 years. As you rightly said, a lot of people have taken this as an investment, as a form of savings. On the other hand, the two life insurance companies, when they take this premium, what do they do? Bulk of the investment is in government infrastructure bonds. They

basically lend that money back to government to build roads, bridges and hospitals, and of course, they invest in property.

MR. CHAIRMAN.- Maybe we have to continue, because of time limitation.

Question No. 5:

MR. A. ALI.- The next question is in terms of insurance agents.

We supervise the insurance, we approve the insurance agents. It is very simple, under the Insurance Act, we have to approve, and we do that every year. All insurance agents have to be approved by us, and it is done on an annual basis and we have a policy on minimum requirements for the appointment of and supervision of insurance agents in Fiji.

Question No. 7:

What role does the regulator play in approving new products and pricing structure before the products reach the market?

As I said earlier, we have got a policy - Minimum Risk Management Requirement for Licensed Insurers. This talks about what are the things that the insurance company needs to do, and the product comes to us for approval.

Question No. 8:

Can the RBF explain the reason for the decline in non- underwriting income from $58.6 million in 2021 to $49 million in 2022?

There is a marginal decline, both in insurance and this is the profits of both the life as well as the general insurance companies. In the case of the general insurance company, the the reason for the decline was net claims incurred, and underwriting expenses had increased, while for the life insurance companies, it was increasing after tax revenue had declined, as a result for increase in taxation for that year. It is also important to note that in 2020 and 2021, the number of motor motor vehicle accidents as well as medical expenses was low because of COVID. There was not much evacuation. The roads were not that busy. As soon as the borders opened, businesses resumed, the number of accidents increased, as well as the number of medical evacuations.

Question No. 9:

There was a question on page 17 of the 2022 Annual Report - an increased focus on climate resilience, can the RBF elaborate?

I mentioned earlier that we are working on, particularly on the parametric insurance. I think we have made great progress. For the information of the Standing Committee, in order to ensure that there is coverage and people take up this insurance policy, for the 3,600 policies that have been written under this micro parametric insurance, we have subsidized 50 percent of the premium. There is a number of people from the sugar industry; the cane farmers, social welfare recipients and people with disabilities. In order to make it successful, we have paid 50 percent of the premium for the first year.

Question No. 10:

There is a question, can RBF explain the solvency requirement?

Question No. 11:

What percentage of households cover for fire, cyclone, and medical insurance?

We have in our response given a table in terms of individuals. I think it is important to note one thing, there are certain things, for example, is the house insurance, whether you have taken, or I have taken is done for the family. It is very difficult to break it down between male and female. So one of the issues that we were asked is whether we can give a breakdown by gender. But otherwise, the other important thing about insurance, or life insurance policy is, there is something called surrenders and forfeitures. So the surrender amounts are as close to 3,000. Historically, this has hovered around 3,000. People take like insurance policy, premiums are deducted a few fortnights, and they realize, "hey, they need that $50 or $100." – so they surrender. When you surrender, there is a possibility that you may get some benefit from the premium you paid, if you paid. Forfeiture, you have stopped paying altogether.

There is also a question on the amount that the insurance companies have given to the National Fire Authority (NFA).

In 2024, the amount was $3.3 million, in 2021 was $4 million and 2022 was $2.7 million. One of the things which is very different from all other countries is that the insurance companies, particularly the general insurance companies, when you take an insurance policy for your house, there is a small amount of levy that goes to NFA. Fiji is one of those unique countries whereby when you pay your insurance, and your premium looks a bit high, part of the reason is because we pay our fire levy through the insurance companies. We are very comfortable in the amount that the insurance companies ultimately give to NFA because they have internal auditors, they have external auditors, and we also go on-site to report. Sometimes they are questioned whether they are giving the right amount of money to NFA, we feel that they have.

A normal company that would have to collect $3.3 million, if NFA had to collect this $3.3 million on their own, it will cost them an arm and a leg. Why I say that they will have to put resources, cashiers, people to come up, and it is going to cost them something. Right now it is costing them almost nothing because insurance companies just deposits money or transfers money straight into NFA's account. In New Zealand, for example, when you pay your city rate, that is when you pay your levy.

The other important thing with the fire levy, the honourable Member has got fire insurance, and I am a neighbour, I do not pay it and there is a fire, NFA does not check whether you have paid the levy or not. They just come and put the fire out. So in some ways, the insurance industry or those who pay insurance are subsidizing those who are not paying insurance.

HON. P.D. KUMAR.- To do with the panel of assessors, whether it is for motor vehicle or medical insurance. We understand that it is appointed by the insurance companies,

and that is where people do not have confidence because they are paid and therefore it is perceived that they align with. Would you be considering setting up a separate panel of doctors or panel of assessors for motor vehicle, taking it away from the insurance companies, which they can use and pay for that service?

MR. A. ALI.- That is definitely a model that we can look at, provided we agree on how payments will be made. As I said, we are not saying that the insurance companies have not paid people. They have complained to us, we have solve it and that is it. We also need to know that there are people who are trying to cheat the system as well, and this is the whole reason why insurance companies, we can look at a model, why they need to have assessors. As I said, there have been accidents, and when there is an accident, people take the parts and say, "my car got damaged, and this is a part." We need to protect them. Otherwise, what will happen is that, if we do not have assessors, and I am not saying insurance company ….

HON. P.D. KUMAR.- it is not about having the assessors, having independent assessors; that is the question. Rather than the insurance companies appointing their own assessors. If you have independent assessors, then that kind of perception is no longer there.

MR. A. ALI.- If we can come up with a funding model for how to prevent it, then I think it should work finally because their job is to make sure that the right amount is paid; not more, not less.

HON. P.D. KUMAR.- Currently, who is paying for the assessors?

MR. A. ALI.- The insurance companies.

HON. P.D. KUMAR.- Exactly. So the funding will come from them. But it is a question of having independent assessors, rather than having individual companies.

MR. A. ALI.- They are supposed to be independent. They are paid by them. We have independent assessors, for example, if there is a large fire. They will get people from Australia and New Zealand to come and assess these things. Because they are paying, sometimes they go overboard. If you have a car accident, then you will realize these sorts of things. On the other hand, as I said, we still have to get, when we put these people, who is going to do the job? Right now, if I have an insurance policy with an insurance company, they know this assessor is going to come. That they will tell you. When you have independent assessors, people may choose to go, people may choose to say, "I will only do this at this price." So we have to be clear on, we do not create another set of problems in terms of them saying, "we will only do that, if we get this price."

HON. P.D. KUMAR.- You use the same model as other companies appointing panel of lawyers, panel of doctors, whichever way they do it. There are so many different models that can be looked at. When they agree on independent lawyers, the fee is determined by the lawyers, and they are individual companies. If we have to appoint, then we have to make sure that we resolve this issue, in terms of the fees and what they will charge because we are involved.

MR. CHAIRMAN.- Honourable Members, are there any other questions?

HON. A. BIA.- Mr. Chairman, in your earlier response you mentioned about the Complaints Management Forum. Yesterday we were notified by the Consumer Council that the Complaints Management Forum was inactive and ineffective. Just the status on that forum at the moment.

MR. A. ALI.- That forum is still there. As I said, when you look at the numbers, it is still there. I do not chair that; at one stage I used to chair that forum. I am not sure when was the last meeting, but I can follow up with that. And not only the Consumer Council, but there are also others who are members, and they attend the meeting.

HON. A. BIA.- The second one, complaints continues to mount from yester years in regards to insurance and policies. You have mentioned in your response also that more power is needed by RBF to oversee these things. In detail, what more power do you want to provide that oversight and scrutiny that insurance companies do abide by the regulations that are in place?

MR. A. ALI.- Let me come back on the complaints. The complaints numbers that we have is triggered to RBF has declined over the last couple of years. There are periods when it goes up, periods that come up. This is the numbers that we have, and it is published in our report. The numbers that the Consumer Council, we have no idea in terms of that, and as suggested, we will formally write to get those numbers. In terms of the regulation and more powers, this is more to do with potential and regularisation because the insurance industry has changed in the last 20 years. Our Act is in some sections not up to par with international best practices. These are the areas that we want to improve on.

MR. CHAIRMAN.- I just have a comment relating to micro insurance parametric. You have mentioned that currently 3,000 people are insured under parametric insurance, with a potential to increase to 5,000. There is significant space there to increase this. One of the things that we are facing regularly is the threat of cyclones, et cetera. The Government is providing substantial amounts for relief, et cetera, and it costs millions of dollars. Is there a way of coming up with more innovative ideas? The Government puts aside some funding to address some of these issues like relief for cyclones. For example, in a previous cyclone, the Government paid $30 million to supply rice. Why can it not put aside $1 million for parametric insurance for people to be insured, at least to address some of these types of risks? I am sure this has been done in other countries, but how can the insurance industry and RBF come up with more innovative ideas to address some of these challenges?

MR. A. ALI.- Normally, this does not come under the domain of central banks – we are the regulator and supervisor but over the last 10 years or so, we have gone into these things like financial inclusion, financial awareness. A lot of developing countries have gone into that and we are trying to do our best. As you rightly said, there is a mentality of handouts, there is a mentality that if something happens the Government should give us. For a lot of people, I can tell you, for example, when we had this SME loan guarantee scheme, there were some people who chose not to pay and said, “the Government is guarantee, I will not pay.” So that is the mentality that is out there.

On the other hand, I am of a strong view that for some of these things, it may be better for the Government to pay a small amount of premium, and if something happens, these triggers happen, then the insurance pay-out directly to them.

I will give you an example, this parametric insurance, for social welfare recipients, if the Government pays a premium of about $40 or $50, the total amount of payout is 10 times that amount. So you have got more than one event in 10 years' time, the Government is going to get its money back through its people. The key is, for a lot of these people at the micro level, they will not take insurance on their own because for them, putting bread, butter, food and paying the bills is more important. Someone has to help them. This is the reason why we have partnered, we have got this funding, we are paying insurance to educate people that that this is something good. In the event they get that money, they will say, "oh, next time, I will take one policy."

I just feel that one option that the Government will want to consider is pay partially and tell people to pay partially and in the event, things trigger, because the amount of payout is 10 times to what is the premium. For example, if 80,000 social welfare recipients pay $100, it is going to cost $8 million, the total payout will be 10 times that. For the social welfare, I think it is $50. So you pay $4 million, you can get as much as $40 million. We are speaking to the Ministry of iTaukei Afffairs, Ministry of Rural Development and Natural Disaster, Ministry of Agriculture to see whether they can go out and create awareness amongst these people.

I am pleased to say that we have got the sugarcane farmers on this, we have got people with disabilities, we are trying to talk to the crop and livestock, the dairy farmers and the rice farmers to come on board. If something happens, the timing of the insurance premium or the payment is very important. If you have a natural disaster today, you've paid out within a matter of days or weeks, you can keep bringing down a rebound. So that is where we are coming from, is this ultimately helps the economy.

MR. CHAIRMAN.- I think we have come to the end of the session, honourable Members. At this juncture, I wish to sincerely thank the Governor, Mr. Ali and his team for availing themselves for this submission. We hope that you will be available if the Committee has any further queries.

The Committee adjourned at 10.15 a.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON ECONOMIC AFFAIRS

INSURANCE OF FIJI ANNUAL REPORT 2021 AND 2022

SUBMITTEE: **Insurance Association of Fiji**

VENUE: **Big Committee Room, Parliament**

DATE: **Tuesday, 2nd April, 2025**

VERBATIM REPORT OF THE MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD IN THE BIG COMMITTEE ROOM ON TUESDAY, 2nd APRIL, 2025 AT 10.22 A.M.

Interviewee/Submittee: **Insurance Association of Fiji**

In Attendance:

(1) Mr. Manendra Naidu – BSP Life and BSP Health
(2) Mr. Tarlochan Singh – Sun Insurance
(3) Ms. Krishika Narayan – CEO Fiji Care Insurance Limited
(4) Mr. Madhu N Elayath – Chief Operating Officer New India Insurance Co. Ltd.
(5) Mr. Pradeep Shenoy – General Manager LICI
(6) Ms Mareca Seduadua – Insurance Association Secretariat

MR. CHAIRMAN.- Honourable members, members of the media and the public, the secretariat, ladies and gentlemen. *Ni sa bula vinaka* and a very good morning to you all. It is a pleasure to welcome everyone to his public hearing session. At the outset for information purposes pursuant to Standing Order 111 of the Standing Orders of Parliament, all committee meetings are to be open to the public. Therefore, the submission meeting is open to the public and the media and is aired live on the Parliament's channel, through the *Walesi* platform, live streamed through the Parliament's *Facebook* page.

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, but do note that this will only be allowed in specific circumstances, which include:

i. National security matters;
ii. Third party confidential information;
iii. Personnel or human resources; or
iv. Deliberations and discussions conducted in the development and finalisation of committee recommendations and reports.

I wish to remind honourable Members and our invited submittees that all comments and questions are to be addressed through the chairperson. Also be mindful that only invited submittees will be allowed to ask any questions or give comments to the Committee. This is a Parliamentary meeting, and all information gathered here is covered under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. Please note that the Committee does not condone libel or slander or any allegations against any individual who is not present today to defend themselves. In terms of other protocols of this committee meeting, please be advised that whilst the meeting is in progress, movement within the meeting room will be restricted. There should be minimum usage of mobile phones. Answering of phones should be done outside this room, and all mobile phones to be on silent mode.

(Introduction of Committee Members)

MR. CHAIRMAN.- With us this morning are our submittees, representatives from the Insurance Association of Fiji, who the Committee has invited to provide us their submission on the Insurance of Fiji Annual Report 2021 and 2022. Please note if there are any questions by

the Honourable Members, they may interject, or we will wait until the end of the presentation to ask any questions.

(*Introduction of representatives from the Insurance Association of Fiji*)

MR. CHAIRMAN.- Perhaps we will ask the members of the Insurance Council who we are going to listen to, not to go through the questions and just make your submission based on the questions that we have sent.

MR. T. SINGH.- Mr. Chairman, thank you for giving us this opportunity. Firstly, apologies from the Chairman, Mr. Avi Raju who is out of country. I have been tasked to basically lead the discussions this morning. And once again, thank you for having us and giving us an opportunity to be here to discuss the matters in terms of the insurance industry and in terms of, of course, ensuring lives and ensuring properties for our fellow Fijians.

If you look at the questions that were given earlier, it is basically talking about what the insurance industry is doing and how are we trying to reach out to the low-income earners and to the fellow Fijians in Fiji, for example.

From both life and health perspectives, of course, there are two segments within insurance. One is life and health, and the other is the general insurance. The association here is represented by both life, health, and the general insurance.We have been a strong cornerstone of our industry, in terms of our valuable contributions to the Fijian economy, not only in terms of insurance, but also in terms of providing employment, providing real estate developments and investing in the country in various forms and ways that have been permitted through, of course, the Insurance Act 1998 and all the other legislative rules and regulations around the industry. As you are aware, the Reserve Bank is our regulator since the Insurance Act 1998 for many, many years and of course, the other legislative requirements that we do follow, including the supervisory policies of the Reserve Bank of Fiji.

Going back to how do we do in terms of making the insurance sector affordable to the communities. We are all aware of all the natural disasters happening and the frequency now is intensifying. For some reason or another, the activities around the globe, and just this week, seven or eight earthquakes and one near to us, Tonga is also a worrying sign of the activities intensifying.

From a life insurance point of view or a health point of view, of course, the uptake or the penetration of insurance to the Fijian market is quite low. And of course, we as an insurance association and individual companies are trying our best to make insurance awareness to reach the ordinary people, and as such, we all are putting in the efforts to do so.

In terms of offerings to the low-income earners, the micro insurance products are there. FijiCare is leading in that area whereby the social welfare beneficiaries are part of that. Over 100,000 low-income earners are generally part of that scheme. We are also doing a lot of work with the UNCDF, for example, in terms of parametric insurance, especially Tower Insurance and Sun Insurance are leading the spectrum in terms of having parametric insurance for farmers and low-income earners, fishermen and the likes. We are now also working with the Reserve Bank through a project of the InsuResilience Solutions Fund (ISF) funded to reach out or upscale the parametric insurance in Fiji. We are pleased to say that we now have also

signed up the social welfare beneficiaries as part of that. I think 2,000 beneficiaries have been identified through the Reserve Bank who are part of that.

The other norm in the Fiji industry is cyclones. We have seen too many cyclones and everyone is quite aware and become resilient to cyclones. But of course, for cyclone certification, there is still the need for engineering certification and I think just this week, if I am not wrong, the wind codes and other things have been approved or the building code has been approved. That is also good news maybe to some extent to having resilient houses, but on the flip side is the cost of that. I know there are two frictions within the engineers who are saying it is too costly and one is saying it is affordable. We are not experts in that to say.

The other is looking at how do we ensure that the cyclone part of it on an individual base. Sun Insurance has introduced a limited cyclone cover for those properties that have expired engineering certificates or completion certificates out of town councils or the rural authorities whereby they will need to go back to the engineer and get that done. That is one product out in the market. In terms of raising awareness, of course, we are trying our best to reach out to the public, including the Reserve Bank in various forms and ways. But again, we can do more in that arena because the uptake as I said in the insurance sector is very low and one of the reasons, I think is that people do not understand how insurance works. It is not a simple equation at times for ordinary Fijians to understand. A lot of work in that area is needed, individually as well as associations we are trying our best to reach out to as many people as possible in that spectrum.

In terms of some of the things that we are doing, we are trying to do awareness through road shows, social media, advertisements as well. We are also looking at partnering with aggregators in terms of farmers especially who go out and do this. At the moment, we are also discussing in terms of how we can take this to universities and schools maybe, but this is at a very early stage to discuss that matter.

Some of the challenges as an industry. As I said, the low understanding of insurance and how to penetrate the market to make people know what it is. Of course, social media is helping us to some extent, and we are going to be utilizing that as much as possible and when I say understanding of insurance, I mean both life, health and general insurance. The other is from a migration point of view. I think a lot of who have insurance policies especially life policies are surrendering them, so they are taking it up at a premature stage and that also could be a concern to note.

From a general insurance point of view, there are some pertaining challenges. One is, this is for all of us, the Insurance Act 1998. I believe like most Acts, it needs to be modernised. I know the review was done pre-COVID. I am not too sure what stage that is at the moment, but I think we need to restart discussions in terms of reviewing the Act and modernising certain aspects of the Act to align it to the current needs. Of course, the other problem in Fiji is under-insurance. A big problem especially for the fire class. When I mean under-insurance, we basically mean that the people are not wanting to fork out premiums to the level the house should be insured up to.

For example, a house is worth $200,000, people are insuring it only for $100,000 and at a time of a loss, the average cost, that means they only get a percentage of the insurance they have been insured for. So, a $100,000 house which was actually $200,000, there is $30,000 of damage, the insurer will only get on a theoretical basis $15,000 payout, so they

lose out. That is something that we are also trying hard to educate our clientele to get insurance at the right value.

The other challenge is, the National Fire Authority levies which is making insurance expensive per se. Why I say that, there is a 0.06 percent levy on the sum insured of the properties. We are just intermediaries in that process; we collect from the insured and pass it on to the National Fire Authority. However, our concern or reasoning behind that is why only penalize those who are taking out insurance. There could be better avenues to collect these levies, and it is on an equitable and fair basis and insurance might become a bit more affordable to individuals especially in the housing context or in the general context. Ultimately as I said, we have become resilient to cyclones to some extent, I mean I can speak for myself, we have not seen earthquakes in Fiji, and how we were able to rebounce from that is anyone's guess. So a bit more awareness work to be done in that spectrum on NFA levies.

I am not saying they need funding, we understand they they need to operate, but let us look at an amicable solution that is beneficial to everyone and at the same time provide equitable and fairness to all Fijians. The other thing is, of course, as I mentioned, climate risks, frequency, damage, again the severity of those cyclones are too much and Fiji being a smaller part in the global phenomena, re-insurance costs are becoming higher and higher. It is not because of the events that happen in Fiji, it is because of the global events that generally happen across the globe which is having an impact on our re-insurance costs. Like any client is insured to us, we are also insured to someone else and that is through the re-insurance programmes and Fiji is not becoming attractive to these international players, because we do not meet the minimum thresholds. Secondly, as I said, the cost from our end is rising and rising.

We have also seen a lot in terms of fraudulent activities. When I say fraudulent activities, we could talk about people trying to defraud insurance companies. I know there are certain aspects that are out in the open forums. People are claiming that insurance companies are not paying their claims, but it is not that we are not paying. At times it takes time because we have to investigate claims because they seem to be fraudulent, and we have found fraudulent claims to be a trend in the market for some reason or another. And with that, of course, the consumer's trust in insurance companies is low as well because of speculations. Because one or two people have not been paid because they were fraudulently trying to take advantage of the system, and then they go around and say that insurance companies are not doing their tasks.

The other thing is, regulatory compliance that is ever increasing in our part of the industry and is also creating hindrance to our processes, systems, additional labour costs, et cetera. Also including the new legislations or new accounting standards such as IFRS 17 and IFRS 9 which are already implemented from the accounting perspective, but is yet to be implemented from Reserve Bank's requirements which is coming into effect on 1st January, 2026. So all these challenges and the lack of expertise in terms of IFRS 17, for example, if I talk about it in Fiji, I think all of us are using experts from some part of the world because in Fiji unfortunately we do not have those resources.

I think those are the major challenges the industry faces. The biggest and the first and foremost step for us is how do we get the awareness, education and consumer trust going so that everything else will then automatically improve those challenges. Our request to the

Committee is, the Insurance Act and the NFA portion, how do we get that *talanoa* going, finding a better solution for it?

In terms of environmental disasters, again I think all general insurance provide a cover for fire, earthquake, generally the cyclone is optional as I mentioned with the certification. For example, another case if you have expired certification that will do as well. In terms of parametric insurance, we have reached out to now under the UNCDF RBF funding we have over 3570 participants in that scheme. That is from us, and I think Tower has almost a 1,000 as well or 1,500 in terms of those numbers. We are reaching out to the farmers, fishermen, market vendors and the like and of course micro insurance product as mentioned earlier reaching over 100,000 participants.

In terms of disasters and how do we basically look at this, I think one of the things from a general insurance point of view is, how do we build more resilient houses. That is another question and a costly exercise. But the *talanoa* around that needs to start, so we are able to ensure that it is able to be done on the ground.

Handling of RBF complaints management systems and reporting of that. Of course, as I said, we are regulated by the RBF and the RBF has specific guidelines, specific supervisory policy which guides the complaints management process, and all insurers are to abide by that. We provide quarterly updates to the RBF. Our quarterly submission of complaints are given to RBF and as per the policy have a policy displayed at all our offices in terms of that process of complaining and so forth. So we do have that process.

The first step is to try and manage the complaint internally if it does not then there are avenues that the complainant has to go to the RBF. I believe they have an avenue to go to the FCCC as well and I think they have done that in the past as well to Consumer Council. We have successfully met a lot of complainants, explained what the reasons are as well. Even the Reserve Bank was satisfied with those responses given. And in certain instances, we have compromised or sat down over the table and discussed, came to an amicable solution to avoid unnecessary runarounds per se. So those avenues are available and as Reserve Bank is our guiding armor, with the introduction of the ombudsman, Ms. Wati is now also in charge of that, fully looking at that aspect.

In terms of unfair competition in the industry, I do not believe there is anything as unfair. There is healthy competition among all of us. There is of course differentiating the products. Consumers have the right to choose between any of the insurers and we do not encourage any unfair practices in terms of doing this. For the extent even if for example in general insurance, some of the properties are co-shared just for example, if a property is too big between two three insurers we co-share it as well. So, there is those partnerships that we do in terms of ensuring people get the needed insurance in Fiji rather than going offshore and as you know, there is still a portion of our properties or the general lines of business that are insured offshore because we do not have the capacity. So there are also those issues along the line that we face as we go along.

In terms of the code of conduct, we all have our code of conducts as per companies, but as an insurance company under the companies are the Prudential Supervisory Policy (PSP) 1, which is the corporate governance of the companies and the various subsections. Code of conduct fis a must from the board of directors to management to staff. Even the agents have a

code of conduct, they sign that and is easily submitted or whenever the licenses are renewed by the Reserve Bank, all those codes of conducts are signed and submitted to Reserve Bank as well as part of their prudent supervisory role.

I think in terms of risks and threats, we have already briefly touched that. Of course, one of the other things that our industry is very interested to ensure we are not compromising cyber security and the Reserve Bank has launched its PSP 2 which is basically the framework of the cyber security threats or cyber security that all insurers are required to adhere to and implement as we speak. So that is happening throughout the industry as well.

The economical challenges, the climate change challenges are all part of the various challenges we do face and others I have already mentioned. Some changes that I think will better the industry and as well as save the Fijians better is we need to talk more about how can we create this awareness, how do we reach the people and also how do we ensure the various legislations are modernized in due course. One of the challenges we also are facing and that needs to be looked at and changed is the VAT on the claim side.

At the moment, VAT is on insurance (not on life and health) and on general insurance. There is VAT that is charged, but on the other side, when we pay claims, we cannot claim back the VAT portion as an insurance company, so there is disparity within that Act as well. So, I believe that also needs to be modernized or streamlined as per any other businesses where VAT in and VAT out are allowed.

MR. CHAIRMAN.-Now I will give the time to the honourable Members if they have any questions, but just to start off, you mentioned about increasing public relations exercise that you are trying to undertake with consumers. You mentioned about trying to gain consumer trust – more consumer trust. Yesterday we had the Consumer Council but unfortunately the trend that is coming out now is more complaints coming from consumers about products that insurance companies offer, increasing life insurance, health insurance. Increasingly there are some gaps in terms of information that is going out, misunderstanding in the beginning, claim denials, limits of coverage, delayed payouts, policy discrepancy. So consumers are to some extent crying that they are not being treated fairly and we are quite worried about those sort of trend when it's coming up from consumers. One of the things that was mentioned by them is,easy to read insurance conditions done in some countries such as Australia where they better understand. What are your views on that?

MR. T. SINGH.- If I may, Mr. Chairman, as you rightfully said, there are complaints, we are trying to resolve as many as possible if they come to our notice. We are working with the likes of the Consumer Council, we worked with them in some instances where they have raised issues. But one point which you have mentioned is understanding and how do we sort of educate our clients or do we tell them at the front end or how do we hold forums in terms of maybe just saying, okay, this is what life insurance is, this is what general insurance is, this is what the clauses are.

As an association and as individual companies, we are working on those matters. We are trying to educate our own staff and our own agency forces to ensure that they are able to deliver to the clients and tell them in the forefront, “okay, you are covered for A, B, C, D, and you are not covered for this and that.”And it is always the crunch of the matter at the claim time; it is not at the sales time for all of us. Because all of us can go and sell, because it is a promise. We sell that we will stand by you in a time of disaster or need, but at the same time,

it is very important for us to clearly articulate what are the exclusions, what you are not covered for, what the limits are. And this education is not only to the public, but also internally to the staff which is ongoing in our own companies and as an association this year I think we are going to make a submission for the government budget as well to look at ways how we can better target audiences, better target clientele and educate them on these things and what coverages are there, hold forums or hold workshops or whatever is needed to make it more publicly available. We are soon going to start putting out on social media educational things that A, B, C covered and so forth. There is some work being done at the back end and we do apologize that it has taken a bit longer than expected. We should have done this maybe a few years earlier, but we realize the need and we are working on that.

HON. P.D. KUMAR.- Mr. Chairman, my question would be on the use of digital technology for awareness raising. I personally feel that Fiji's situation, we are pretty laid back as compared to India, as compared to Australia, as compared to New Zealand.

Even in New Zealand they are able to solve a large number of complaints because of the use of digital technology and how they explain things, even including comparative analysis of different products and that helps people. I am glad to hear that you are intending to take this up, your intentions are there. The Committee will be monitoring and ensuring that this is delivered because this is not a topic that we are talking today. This has been discussed over a number of years in different, different forums.

That is the reason the uptake is not there, the trust is not there. But if we start focusing on awareness and not marketing, there is a difference between marketing a product and awareness raising. Some of the responses I see here is more of marketing, using billboards, putting the name of your company, using testimonials, that is marketing. There has to be clarity in these two things. I believe if you really do your awareness raising, a lot of issues will be solved.

Now I do have a few other questions that I would like to get an input from the association. The first one is, currently insurance companies, they have their own individual panel of assessors. And that is a problem. That is a big problem. Trust factor is not there, right? And we have also done some work in that area at one time, where we know that only certain assessors are picked. And if they do not do the job in a certain way, they will not be taken on board.

In the last session we have raised it to Reserve Bank of Fiji, that why don't you have an independent panel of assessors where insurance companies can pick, or independent panel of doctors. So, I just want to have your input on this particular issue, and how can we have a better system where we can develop trust with the public. So, what are your thoughts on this particular, because that would be one of our recommendations.

MR. T. SINGH.- Firstly, I will just maybe talk about general insurance, and then I will talk about the doctor's side. In terms of general insurance, there is a very small pool of assessors, to be honest.

If you talk about motor assessing, I think there is only six or seven people, if I am not wrong, throughout Fiji who are assessors. And there is the same pool, we all have to use, my company, the next company, and all the general and the five general insurances basically

use the same assessors, because there is a limited pool for motor vehicle. In terms of properties, again, there is only two assessors, I think, two load-assisting firms in Fiji now.

Initially it was one, now I think another one came up last year. So right now, if my stats are correct, it is two in Fiji. So again, there is a very limited pool of loss assessors, or motor vehicle assessors as well in the country.

And your suggestion to establish a pool, I mean, if Reserve Bank is willing to do that, that would be great. As far as we can get more assessors on board, it makes our life easier as well, because, it is better sales. There are only five looking at 100 claims; one per 20, they take time to report as well.

HON. P.D. KUMAR.- I think the question is not about more and the big number. The question is about ethics - how ethical is Reserve Bank of Fiji as a regulator, not leaving it to individual companies to deal with it because what I am saying is, the question here is about trust. Trust is the biggest factor. If we want more people to sign up for insurance, how can we create more transparency in the system? That is the question.

MR. T. SINGH.- Talking about trust, talking about ethics, we just subcontract this work to the contractors or, for example, the assessors in there. They already have their own, I mean, loss adjusters do. I know they have a code of ethics that they follow.

The normal motor adjusters, unfortunately, there is no association or there's nothing to look at it. And your point in terms of creating an ethical framework around that is most welcome for us as well. And that not only gives you the ethical trust or the trust factor to that, but at the same time, more people might be interested in doing that because there is a potential market for them.

Why they are very limited people right now? Because they do not understand that there is a workability or employment in that way or being an entrepreneur in that way as well. So, when those things are established, maybe it will help us to do that. And the public trust, of course, will continue with that. So that is for the framework to design and look at by the Reserve Bank, for example. And I do not think we have any issue with that. We would be glad to assist in that way. And in terms of the doctors?

MS. K. NARAYAN.- Through you, Mr. Chairman, in terms of the medical side of things, I think it is no different to how we are talking about the assessors. When it comes to the doctors panel particularly, we agree currently, if you look at, for example, this very limited number of private hospitals, for example, in Fiji. So, there is a tendency of insured members wanting to have services of private hospitals. But in terms of their code of ethics, how they are behaving, there are other organizations out there which is looking after that. So, you have the Fiji Medical Association, you have FCGP. For us as insurance companies, a lot depends on what the insured members want. And when it comes to particularly medical and health, a lot of our insured members have that trust element with their own GPs, for example.

So, they would want, wherever they are living, they would want those GPs or those doctors to be on our panel so that they can utilize the services as such. A lot of times, if they are not on our panel, then they will come back and complain and say, you know, I can not access my GP because they are not on your panel, so I am not being able to use the insurance that I have. So that becomes an ongoing challenge for us.

But then if we try and implement a lot of things we try and do through SLAs, for example, so we would put out an expression of interest and we would say that these are the guidelines by which you have to abide by to be on our panel of doctors. Not all of them would be able to maybe meet that framework because there are certain standards that we will put in. Then the question and the balance really comes down to how do we make sure that we are providing that service to our insured members, but at the same time, you know, we have adequate doctors on the panel, and at the same time, you know, these doctors are adhering to particular standards. So that sort of becomes a challenge for us on the ground. But having said that, it is not that we are not doing anything about it. We do raise the issues wherever we see certain doctors behaving in a particular way. We obviously receive a lot of complaints in the medical space from the consumers, and we look at that actively. We speak to Reserve Bank. We talk to the health authorities as well to see how these issues can be ironed out. But totally take your point on board in terms of, you know, having an independent panel. But really, there has to be a framework around it in terms of how it will work and how do we counter the situation of the trust element where, particularly in medical, you would want to have that trust with your own GP, with your own private doctors.

HON. P.D. KUMAR.- I think maybe my question was not framed properly. What I meant was, you want to make a claim, and then this assessment takes place. You send it to an independent panel. I am referring to that component, the last end of deciding the claims, et cetera, if that can be independent rather than the insurance companies selecting their own panel but when it comes to buying an insurance, you are absolutely right. Consumers prefer the doctor they have been visiting because there is a history there. And they would like to continue with that history rather than moving to different, different doctors based on whatever the insurance company is saying. There is a lot of appreciation from that perspective. And people have moved away from certain hospitals because I know with a particular private hospital, each time you go, you will see a different doctor. There is no history there. So that is why they prefer a separate or a particular GP to ensure that the file is there with proper history, and then they are looked after well. Yes, so I agree with that.

MR. CHAIRMAN.- Are there any other questions?

HON. S.T. KOROILAVESAU.- Mr. Chairman. I wanted to discuss fire insurance cover. You had stated that one of the major contributions to high insurance for fire cover is basically the cost that is given to National Fire Authority. You have then suggested that Government look into some way subsidizing that cost factor. Now, I understand that you are saying that if the cost that is being given to support NFA is brought from somewhere else, then the insurance cover for fire could be lowered. Now that the Act is now being reviewed, has there any considerations by the association to factor that in so that that could be discussions in that respect?

MR. T. SINGH.- Through you, Mr. Chairman, in terms of fire levy being a component of the cost. What I am suggesting is not for government to subsidise it. All I am saying is, let us find a better way of charging that across for everyone. Right now, I know the Water Authority charges, if I am not wrong, $1.50 or something on every bill to do that. But here, what I am saying is, only 10 percent of people who are insured are paying fire levy and their own insurance. They take out insurance to protect their own assets, and yet we are burdening them with another cost, which in certain instances is considerable given the property value. In certain instances, it might not be so considerable.

We are proposing to the NFA, there are better avenues. Someone told me back in the 1970s, this was all collected as part of town rates or city rates, for example, whereby everyone pays rather than only my house being insured and the next one not being insured having a disparity because the Fire Authority will still attend to all fires, either insured or not insured is beside the point. What we are all saying is, let us find a better way, and it might, who knows, increase the revenue base for NFA itself because you have a bigger base, and you are charging credibly to everyone for that matter.

In terms of the review of the NFA Act, have they written to us? I am not too sure. No, we are not aware of the review, but we will reach out to them and then give our suggestions and then hopefully. But we have had discussions with the NFA on many considerable situations and matters. We do not intend the Government to subsidize that. It has to be paid by the user, of course.

HON. S. KUMAR.- Through you, Chairman, I just want to ask the Insurance Association of Fiji, particularly in regards to medical and health insurance, why are your customers being asked to pay for the services and make the claim? Why is that system in place? And what can be done to improve this? And how fair is this on the people who take such covers?

MR. M. NAIDU.- Mr. Chairman, in terms of the process that we have, we are following through with how we have sold the products, which is basically in some instances for some benefits that has been provided, the customer pays for the services being provided and therefore comes back and claims that cost with us. Now, for other benefits, and this is largely to do with outpatient services, for other benefits, which are predominantly where life insurance, the key target of where we see medical insurance being of value is where the treatment is not available locally and the insurer does not have enough funds to be able to provide the treatment. And that is where we come in and we cover all the costs associated with those treatments.

And these are not small costs, these are larger costs. For the smaller costs in terms of the value of reimbursements, there is a segment of the market where we have seen through the data that we have collected over the years where an element of abuse had come in through and to look at ways to control it, we have mitigated, we have put in a process, and this process has worked quite well. And what we have identified through this, is that overall, the concept of insurance is a lot of customers see the need in insurance and they pay premium to a pool which the insurer is managing and effectively paying money out of that pool to policyholders when they need it.

To ensure that that pool is viable, we need to ensure that it is not abused. Because what will happen is if there is abuse in it, then basically there is a lot of money going out and hence each year we have to go in and review, review, review, premiums go up. And this is one of the other key things that when we did this change, we communicated out. It has to be in a state where the fund is able to self-sustain itself and there is value to both the customers and to the insurance company going forward.

HON. S. KUMAR.- So, according to what you are explaining, that safeguards the insurance company. But my question here is, like if the person insured, if he does not have that much money, so how does he access the services?

MR. M. NAIDU.- It safeguards both the insurance company and the consumers because effectively what will happen is if there is an area of abuse happening, then the premiums basically for the whole pool, there would be customers who may not necessarily be using the services and are not effectively abusing the system, they get penalised as part of the process where premiums go up, everybody goes up. There was a key education process that we went through when we did the change and looking at the value we see coming out of it and how we are managing the process.

HON. P.D. KUMAR.- I think people take insurance for peace of mind; this is it. When you have rainy days, bad days, it is taken care of. Now, with the health insurance, the question honourable Shalen asked, it is really about having money upfront. The question is, if you have money upfront, why would you insure yourself? Why would you go to the insurance company and wait for a refund? So, there are a lot of people who do not have that money upfront. If some test needs to be taken and then they are admitted in the hospital, I know a case, a neighbour just went through that, and I know the story, what she went through. Other family members had to step in to assist in the collection of that money so that he or she can get that treatment. It defeats the whole purpose of the insurance.

What you are explaining, that is the prudential part of the aspect which Reserve Bank is supposed to be looking at. And when you are saying that it is in the contract, the public who are not aware of that information, fine prints, non-disclosure, when they sign up, then they realise what, and particularly when they get into trouble, that is when they realise what they have signed up for and it is rather too late.

That is why it is important that when you sell the product, and particularly who sells the product, not the people sitting in the office, it is the agents. The question would be whether you are providing an accredited training programme to all these agents so that they really know what they are doing in the marketplace. Some of the problems that arise is only through the agents. Because yesterday when we were listening to the Consumer Council of Fiji, and I also personally experienced that, they will sell the product, but your policy will come really at the end. You do not see that policy. It comes at the end, and all the marketing tools are used to really hype you up that the product is so good, and you end up signing, but when you get into trouble, that is where the problem starts.

MR. M. NAIDU.- So, there is an accreditation programme that we have in place for advisors.

HON. P.D. KUMAR.- Who has accredited that?

MR. M. NAIDU.- Sorry, not an accreditation. There is an internal training programme that we have through, and that is through the process of licensing with the Reserve Bank. So, all of our advisors are licensed to the Reserve Bank.

HON. P.D. KUMAR.- So this is where the problem is. Your programmes are not accredited. It is an internal training programme that is made by individual insurance companies to train their team, but it is not an accredited training programme and there is a huge difference between that. Tthat would be one of our recommendations that we will be putting across in Parliament, that all these training needs to be accredited so that everyone is on the same level playing field.

At the end of the day, as you have spoken about ensuring solvency and prudential component, we do not want the insurance company to go belly up; that is for sure. How do we balance consumer interest with the insurance companies? There has to be a proper balance between the two, plus , the trust which is missing at the moment, and that is why a lot more people are not signing up. How can we create the transparency? And once people realise that insurance is a good product, they all should be signing up for it, and I am sure the number will go up. Currently there is lack of transparency in the system, and that is what we are focusing on. How can we become more transparent so that people know what they are doing?

MR. M. NAIDU.- Mr. Chairman through you, yes, there is a significant increase in the awareness aspect, and taking your point around making sure that the policy terms and conditions come out through the conversations that happens through both with the customer and also through the information that we relay through both social media platforms and through other platforms, and around ensuring that the prospect is filled further. One aspect I would like to add is, from an insurance perspective, looking at medical as an example. And as you would have seen all the information that we have got accumulated on the medical industry itself, from the performance of the industry itself, that has been loss-making for a number of years, just because of the fact that as we look at medical inflation costs, particularly overseas, they are significantly increasing year on year, and because of the diagnostic facilities in Fiji, specifically cancer, the diagnostics of those come at a later stage, and therefore requiring us to spend more on it in terms of treatment.

Having said that, it is just looking at the ideal mix, as you said, is to have a portfolio where we are charging the right premium that it is affordable, that is the key thing, to ensure the way that we grow is to ensure that the premiums are affordable, and at the same time be able to provide the cover to those who need the cover, specifically in these instances, at an aggregate level. That is the balance and the challenge that, particularly on the medical side, which we are trying to look at - what is the most optimal way to balance the risk, and at the same time have the premium set at a sufficient level so that we can reach more and more customers, more and more of our population, and at the same time also ensure that those individuals who are playing the system are kept at bay.

As we mentioned already, fraud is an aspect in the insurance context. The best way to look at it is to manage that, so that the policyholders who have placed their trust, they will be there in instances where we need to be there are also not burdened with additional amounts of premium increases because others are abusing the system. That is the delicate balance that we have to meet and maintain going forward.

HON. P.D. KUMAR.- There are two more things that I need to clarify. One is VAT is applied on general insurance. Can you list all the insurance products? Is it on medical insurance? What insurance does it cover?

MR. M. NAIDU.- Mr. Chairman through you, VAT is not applied on medical?

MR. T. SINGH.- So VAT is not on medical and life insurance. All the other products have VAT, except parametric, of course, which is exempted through the budget supplementary. But motor, house, homeowners, contents, public liability, travel, fidelity, any other commercial lines, even marine, cargo, everything has VAT.

HON. P.D. KUMAR.- My last question, something that you are requesting is lowering the licensing fees for agents. I would like to know what is currently the licensing fee for the agents?

MR. P. SHENOY.- It is $280 when a person becomes an agent for the first year. Subsequently it is $220.

HON. P.D. KUMAR.- So obviously, I will leave it to that. We will discuss it later.

MR. CHAIRMAN.- Any other questions?

HON. S.T. KOROILAVESAU.- Sir, can I just ask a question on medical cover? When patients are repatriated to go overseas for their medical treatment, the doctors that treat them overseas, they would suggest a review to be carried out, at least for two reviews. Is that covered under insurance? I have had complaints that after the review was carried out, the expenses was paid, and the insurance company had said that reviews are not included.

MS. K. NARAYAN.- Through you, Mr. Chairman, reviews are covered in certain medical policies, and some of it is not covered. However, it is right at the beginning that that information is out there. It depends on the type of group that is covered with us. For a lot of the corporate groups where the pool of premium is bigger, we are able to offer more benefits, which means we are able to cover the first evacuation portion, and then after that, we are able to cover subsequent reviews.

For some of the policies where maybe the pool is smaller, then that may not be a possibility for reviews. However, what we do provide is, for example, teleconsultation services as well, telemedicine. For example, someone goes in for an evacuation, and they need to have a review in three months' time, they could always have a telemedicine consultation where we connect the consultant through online mode, and they can speak to the patient directly, and they may request for certain tests, which can be done locally. Those test results are then sent to the doctor, and then it is discussed.

Subsequent to the review, it is required that the patient needs to go back because something has not worked the way it was supposed to, then that triggers another evacuation. Another thing is, for FijiCare, we bring in a lot of specialists to Fiji. So once a month there is some form of specialist who will come in here, and a lot of our patients who have already gone for evacuations, we earmark them, and then once the specialist is in, we get them in to come in for a review for those specialists on a face-to-face basis. Those are some of the mechanisms that are provided,, but it varies from policy to policy.

HON. S. KUMAR.- Mr. Chairman, through you, we we look at Australia and New Zealand, almost everyone is taking a policy life insurance and they are well covered in that. Some of the companies, they provide up to 75 different types of coverage, some are 50 plus, so mostly it ranges from 50 to 75 list of things that are covered and that is why people are taking policies and they feel secured and safe and they also benefit. In Fiji, what we have seen is that our policies are not designed in such a way that it attracts people to buy policies and then they feel secured.

One such feature of the policy in Australia and New Zealand is a trauma cover. And people, they benefit out of it because they pay for it and should something happen to them,

they are covered and they are compensated. Why can't a trauma cover be part of or a feature of a life insurance policy in Fiji?

MR. P. SHENOY.- Sorry, I am not sure what exactly is covered under the trauma cover, so I am not exactly in a position to comment on that. Whether it is part of life insurance or maybe a part of some general insurance policy, we will have to just go and study that. As far as life insurance in Fiji is concerned, we are providing cover against death, against disability, permanent disability, critical illness, funeral benefit and also something called a term rider, that is some additional risk cover in case of death. Suppose the basic submission is say $100,000. In case of survival the customer will get $100,000 bonus but in case of death you will get $200,000 plus bonus, so that extra risk cover is also provided. But besides life insurance, we are providing critical illness benefit which covers a range of critical illnesses and accident benefit and disability benefit.

These are the only things which are covered under life insurance in Fiji. Again, I should submit that I am not sure about the trauma cover part. Life insurance policies can be made more attractive by adding some more riders like say spouse cover or taking care of some more contingencies but the difficulty in Fiji is the market is really small. The pool which my friend was mentioning is relatively small here. Larger the market, we can provide more benefits because the pool will be bigger, and premium becomes more affordable. So, those are some of the challenges but surely, we can look into that.

MR. M. NAIDU.- Mr. Chairman, if I may add, so the trauma cover that you are mentioning is effectively another name for critical illness. So, we do offer the critical illness benefit which is trauma in the existing protocol.

HON. S. KUMAR.-What happens there?

MR. M. NAIDU.- So, usually the benefit there is in the event that you suffer from, for instance, cancer or you suffer from a heart attack, there is a benefit being paid out. A lump sum benefit. Yes, a lump sum being paid out which can help through with your treatment. And just to add on to what was mentioned is, in terms of the market in Fiji, one of the insurance, specifically life insurance, is still seen as a more of an investment vehicle and the Australian New Zealand market have moved away from the traditional products that we are selling here into more specifically covering just the risk. So, in the event of death, there is a payout made. In the event of critical illness, terminal illness, there is a payout made.

But they have stripped out of the life insurance product the savings component and that is being sold using more advanced products. Whereas in the Fiji market, there is still quite a lot of, we still see life insurance as a savings vehicle with an insurance cover built in. And that is how, from a customer perspective, the value that they get back is the bonuses that we declare each year and what we pay out in terms of maturity at the end.

So, we are gradually transitioning, as mentioned earlier, they are adding on life insurance covers and other benefits on top of that so that there is also additional cover being provided in the event of death. So, you pay a bit, you know, there is more return offered by the company in the event of a premature death. That is one aspect which is also being developed in the market.

MR. CHAIRMAN.- Honourable Members, are there any other questions? I wish to bring this meeting to a close and I would like to sincerely thank our colleagues from the Insurance Association of Fiji for the submission meeting. We thank you for your time and hope that you will avail yourself if the Committee has any further queries on this matter.

The Committee adjourned at 11.31 a.m.