



## **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

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



**PARLIAMENT OF THE REPUBLIC OF FIJI**  
**Parliamentary Paper No. 56 of 2025**

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## **Table of Contents**

<b>Chairperson’s Foreword</b>	<b>4-5</b>
<b>1.0 Committee Membership</b>	<b>6</b>
81.1 Committee Secretariat	7
<b>2.0 Background and Terms of Reference</b>	<b>8</b>
2.1 Procedure and Programme	8
2.2 Public Hearing with Key Stakeholders	8
2.3 Written Submissions	9
<b>3.0 Committee Deliberation and Analysis</b>	<b>10</b>
3.1 Background	10
3.2 Summary of the 2021 and 2022 Performance and Achievements	10-13
<b>4.0 Findings</b>	<b>14-15</b>
<b>5.0 Recommendations</b>	<b>16-17</b>
<b>6.0 Sustainable Development Goals</b>	<b>18</b>
<b>7.0 Conclusion</b>	<b>19</b>
<b>8.0 Committee Members' Signature</b>	<b>20</b>
<b>9.0 Annexure</b>	<b>21</b>

## **List of Acronyms**

FCCC	-	Fijian Competition & Consumer Commission
GDP	-	Gross Domestic Product
PICAP	-	Pacific Insurance and Climate Adaptation Programme
RBF	-	Reserve Bank of Fiji
SDGs	-	Sustainable Development Goals
SO	-	Standing Order
UNCDF	-	UN Capital Development Fund
VAT	-	Value Added Tax

## Chairperson's Foreword

On behalf of the Standing Committee on Economic Affairs ("the Committee"), I am pleased to present this report on the Review of the Reserve Bank of Fiji Insurance Annual Reports for the years 2021 and 2022. This report reflects the Committee's thorough examination of the insurance sector's performance, the regulatory framework, and the effectiveness of consumer protection measures.

The insurance industry plays a critical role in safeguarding the economic well-being of individuals, families, and businesses, particularly in times of uncertainty and crisis. The reporting period was marked by COVID-19 pandemic and climate-related disasters.

Despite the prolonged impacts of COVID-19, Fiji's insurance industry demonstrated resilience, with total industry assets increasing from \$2.3 billion in 2021 to \$2.5 billion in 2022, representing 9% of the gross assets of the financial system. The positive trends were also seen in the increase in gross premiums, the introduction of microinsurance products, the increase in owners' fund, and the rise in new life insurance policies.

While the Committee commends the Reserve Bank of Fiji ("RBF") for its continued regulatory oversight, our review also identified key areas requiring urgent attention. These include the need to modernise the Insurance Act 1998, address the increasing number of policy terminations due to surrenders and forfeitures linked to low consumer awareness, and poor use of digital platforms to enhance insurance literacy.

Another significant issue is the dual role of the RBF as both a regulator and adjudicator of complaints, which may compromise public confidence. Another issue is the use of insurer-appointed assessors erodes fairness and public trust.

We hope that the findings and recommendations in this report will contribute meaningfully to policy development and reinforce public trust in Fiji's insurance industry.

I extend my sincere appreciation to the Reserve Bank of Fiji, Consumer Council of Fiji, Fijian Competition & Commerce Commission ("FCCC"), Insurance Association of Fiji, and other stakeholders for their valuable insights.

I also acknowledge the valuable contributions of my fellow Committee Members - Hon. Premila Kumar, Hon. Semi Koroilavesau, Hon. Alikali Bia and Hon. Shalen Kumar – as well as the secretariat for their support in producing this report.

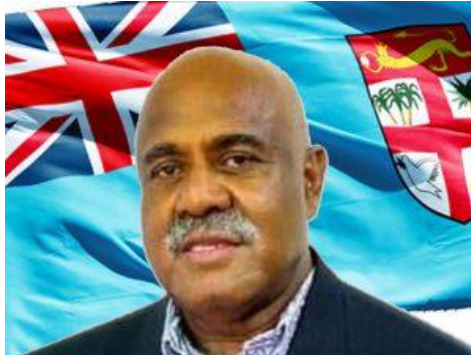
On behalf of the Standing Committee on Economic Affairs, I present this Review Report to Parliament and request all members of this august House to take note of its findings in the report.



.....  
**Hon. Sakiusa Tubuna**  
**Chairperson**

## 1.0 Committee Membership

Pursuant to Standing Order 109(2)(a) the Standing Committee on Economic Affairs is mandated to look into matters related to economic development, finance, banking and taxation. The members of the Standing Committee on Economic Affairs are as follows:



Hon. Sakiusa Tubuna  
**Chairperson**



Hon. Premila Kumar  
**Deputy Chairperson**



Hon. Semi Koroilavesau  
**Member**



Hon. Aliko Bia  
**Member**



Hon. Shalen Kumar  
**Member**

## 1.1 Committee Secretariat

The Committee is supported by a team of Parliament Officers serving as the Committee Secretariat. These officers are appointed and delegated by the Secretary-General to Parliament under Standing Order 15(3)(i). The Secretariat team consists of the following Parliament officers:

- Ms. Marica Tuisoso – Senior Committee Clerk
- Ms. Awantika Raj- Deputy Committee Clerk

### **Committee contact details.**

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## **2.0 Background and Terms of Reference**

The Standing Committee on Economic Affairs was mandated to review the RBF Insurance Annual Reports for 2021 and 2022. The 2021 Annual Report, which had lapsed from the last term of Parliament, was reintroduced and referred to the Committee on 13 February 2023. The 2022 Annual Report was subsequently referred to the Committee on 20 November 2023, in accordance with Standing Order 38(2) of the Parliament of the Republic of Fiji. In line with its mandate, the Committee undertook a detailed examination of both reports and now presents its findings and observations to Parliament.

### **2.1 Procedure and Programme**

The Committee began its review of the Annual Reports in March 2025. The review methodology was agreed upon by consensus among the Committee Members and involved a comprehensive and systematic examination of the reports.

Before the formal meetings, the Members of the Committee individually read and reviewed the 2021 and 2022 Annual Reports. During Committee deliberations, Members analysed the content of the reports, identified key issues, and engaged in in-depth discussions to evaluate the findings. These discussions led to the formulation of the key questions and identification of issues requiring further clarification.

The Committee developed a structured workplan that included a public hearing session with key stakeholders. This session was broadcast live on the Walesi platform and Parliament Facebook page, allowing the public to follow the proceedings.

### **2.2 Public Hearing with Key Stakeholders**

The Committee received oral submissions from key stakeholders, including the Consumer Council of Fiji, the Fijian Competition & Commerce Commission, the Reserve Bank of Fiji, and the Insurance Association of Fiji.

The Committee carefully considered the information provided during these submissions and from the official verbatim records to formulate findings (*Refer to Annex 3*). These engagements enabled the Committee to identify critical issues, assess regulatory and consumer perspectives, and develop evidence-based findings and recommendations aimed at enhancing the overall performance, transparency, and responsiveness of the insurance industry in Fiji.



## **2.3 Written Submissions**

The Committee received written submissions from RBF, the Consumer Council of Fiji, FCCC, and the Insurance Association of Fiji (*Refer to Annex 1*). These submissions provided valuable insights and assisted the Committee in its review and analysis of the Annual Reports.

## **3.0 Committee Deliberations and Analysis**

### **3.1 Background**

- 3.1.1 The Reserve Bank of Fiji has served as the regulatory and supervisory authority for the insurance industry before the enactment of the Insurance Act in 1998. Its core responsibilities include licensing insurance companies and intermediaries, monitoring compliance with regulatory requirements, and protecting the interests of policyholders by ensuring the financial soundness and stability of the sector. Despite operating under an outdated legislative framework, the RBF has upheld a robust regulatory framework that has contributed to the ongoing stability and development of Fiji's insurance industry.
- 3.1.2 Insurance plays a vital role in safeguarding against uncertainties and mitigating financial losses for consumers, businesses, and the broader economy. As a mechanism for risk transfer, insurance product is essential for the Fijian economy, by protecting the financial well-being of individuals, families, communities, enterprises, and financial institutions.
- 3.1.3 The 2021 and 2022 Insurance Annual Reports highlight the strength and continued expansion of the Fijian insurance sector, even amidst persistent challenges such as the COVID-19 pandemic. Profitability remained stable, showing robustness throughout the pandemic. The Committee expects the industry to be more responsive to the needs and expectations of consumers.

### **3.2 Summary of the 2021 and 2022 Performance and Achievements**

A summary of achievements for the periods under review is listed below:

#### **Total Assets**

- 3.2.1 Despite encountering various challenges related to COVID-19 and natural disasters, the Fijian insurance industry showed both resilience and growth in 2021 and 2022. Total industry assets rose by 11.2% in 2021, reaching \$2.3 billion, and by 8.4% in 2022, reaching \$2.5 billion, which represents 9% of the total gross assets of the Fijian financial system.

#### **Net Profit**

- 3.2.2 The industry experienced a 16.4% decline in overall profitability, with net profit after tax decreasing from \$58.6 million in 2021 to \$49.0 million in 2022. This decline was attributed to reduced earnings across both general and life insurance sectors. General insurers saw their net profit after tax fall from \$41.9 million in 2021 to \$32.8 million in 2022. Similarly, life insurers recorded a slight decrease, with net profit after tax dropping from \$16.7 million to \$16.2 million over the same period.

### **Gross Premium Pool**

- 3.2.3 The gross insurance premium pool grew from \$383.3 million in 2021 to \$409.9 million in 2022. Growth in 2022 was largely driven by an increase in the number of policies issued for fire and medical insurance, while motor vehicle insurance policies saw a decline, despite increase in number of registered vehicles on the road. In the life insurance sector, new policyholder numbers rose in 2022, with endowment policies remaining the most preferred choice. While this increase reflects more underwriting activity across both the life and general insurance sectors, the industry's contribution to Gross Domestic Product (“GDP”) slightly declined, from 4.0% in 2021 to 3.8% in 2022.

### **Gross Premium Income by Sector**

- 3.2.4 The gross premium income received by the life insurance sector increased to \$188.8 million in 2022 compared to \$186.7 million in 2021. Similarly, gross premium income of the general insurance sector increased by 12.5% to \$221.1 million in 2022 when compared to \$196.6 million in 2021.

### **Claims**

- 3.2.5 In 2022, the Fijian insurance industry recorded total net policy payments and net claims amounting to \$216.1 million, up from \$199.9 million in 2021. This increase was largely driven by a 23.1% rise in net claims paid by general insurers, which totalled \$98.9 million in 2022 compared to \$80.3 million in the previous year. As a proportion of gross premiums, total net claims and policy payments rose slightly to 52.7% in 2022, up from 51.4% in 2021.

### **Termination of Life Insurance**

- 3.2.6 In 2022, the number of terminated life insurance policies increased by 5.8% to 11,579, up from 10,946 in the previous year. Terminations by forfeitures was the highest, accounting for 47.3%, followed by surrenders and maturities at 26.3% and 19.3% respectively. The number of policies terminated due to surrenders and forfeitures rose by 571 and 366, respectively, reaching 3,040 and 5,475 policies.
- 3.2.7 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 noted in 2021. Forfeitures accounted for the majority of the total annual premiums terminated, at 37.0%, which shows the marketing skills of the agent in selling the policy to consumers who do not understand their long-term financial commitment (Table 1).

Table 1: Termination of Annual Premiums of Life Insurers

Year	Death	Maturity	Surrender	Forfeiture	*Others	Total
\$ Millions						
2018	0.4	34.2	4.5	10.4	4.0	53.6
2019	1.2	22.6	3.6	12.2	4.0	43.6
2020	1.1	20.5	3.8	12.5	4.9	42.8
2021	1.0	21.2	3.3	10.3	4.8	40.6
2022	0.9	7.7	4.0	11.3	6.6	30.5

(Source: RBF Insurance Annual Report 2022)

- 3.2.8 Corresponding to the increase in the number of policies terminated, the sum insured for policies terminated also increased by 17.1% to \$595.7 million (Refer to Table 2).

Table 2: Terminations of Sum Insured of Life Insurers

Year	Death	Maturity	Surrender	Forfeiture	Others	Total
\$ Millions						
2018	7.7	111.2	94.5	264.3	169.8	647.5
2019	11.6	73.1	92.0	310.7	115.6	603.0
2020	9.7	68.0	86.1	300.1	97.5	561.4
2021	11.8	67.0	65.3	271.8	92.9	508.8
2022	13.2	52.6	75.9	324.0	130.0	595.7

(Source: RBF Insurance Annual Report 2022)

## Owners Fund

- 3.2.9 Total owners' funds grew by 8.6% in 2022, reaching \$234.9 million from \$216.4 million in 2021. This growth was primarily driven by higher retained earnings during the year, reflecting of the positive net profit recorded in 2022.

## Key Observations

### Parametric Insurance

- 3.2.10 In a landmark move to enhance financial protection for low-income households, Fiji introduced its first bundled microinsurance product covering term life, funeral, property, and personal accident. The microinsurance sector gained momentum following its launch in 2021, when the UN Capital Development Fund (“UNCDF”)-led Pacific Insurance and Climate Adaptation Programme (“PICAP”), in partnership with two local insurance companies, introduced a pilot climate risk parametric microinsurance initiative. This innovative product was designed to provide affordable and accessible insurance coverage, particularly for vulnerable communities increasingly exposed to climate-related risks.

### **Insurance Agents**

- 3.2.11 As of 1 August 2022, agents were permitted to renew their licences for up to 5 years, instead of annual renewals. The licence fee paid is dependent on the duration of the renewal. There were 624 agents in 2022 compared to 534 in 2021.

### **Complaints**

- 3.2.12 In 2021, fifteen complaints were received, all of which were resolved. By 2022, the number of complaints decreased to eight, and all were successfully resolved. However, the Consumer Council of Fiji and FCCC recorded more complaints as compared to RBF.

## 4.0 Findings

- 4.1 The Committee noted that the Annual Reports prepared by the Reserve Bank of Fiji only include consumer complaints received directly by the RBF. It does not capture complaints received by other key consumer protection agencies such as the Consumer Council of Fiji, FCCC, or insurance companies themselves.
- 4.2 The Committee observed that the RBF, as the regulator, is primarily responsible for supervising insurers to ensure financial soundness and the overall stability of the insurance industry, ultimately to protect policyholders. However, a potential conflict of interest arises when RBF is tasked with adjudicating consumer complaints against the same insurers it regulates. This dual role can compromise enforcement and weaken consumer protection. Furthermore, there is a lack of clarity when FCCC stated that only RBF is authorised under the Insurance Act to enforce its provisions, while RBF maintains that FCCC can prosecute breaches under its own legislation. This uncertainty creates a regulatory gap, leaving consumers vulnerable to unfair practices in the insurance market.
- 4.3 The Committee noted that the insurance companies have digital platforms, but there is minimal use of these technologies to effectively raise awareness about insurance products, including their terms and conditions and price comparisons.
- 4.4 The Committee noted that insurance companies currently appoint their own assessors to evaluate claims, which raises concerns about potential bias and lack of impartiality in the assessment process.
- 4.5 The Committee noted that the fire levy is paid only by policyholders or the insured, while uninsured citizens do not contribute, resulting in an unfair and inequitable system where the cost of maintaining fire services is borne solely by those with insurance coverage.
- 4.6 The exact percentage of households in Fiji who are covered for fire, cyclone, and medical insurance is unavailable.
- 4.7 The Committee noted that insurance companies are responsible for training their own insurance agents. This practice lacks standardization in training, creating inconsistencies in the quality of knowledge among agents. Moreover, there is a potential conflict of interest, as companies may prioritize the marketing of their own products over providing impartial advice to consumers.
- 4.8 The Committee noted with concern that life insurance terminations increased by 5.8% in 2022, largely due to forfeitures and surrenders. These trends indicate a potential lack of consumer awareness and understanding of insurance products. The forfeiture of policies suggests that consumers may be sold products without full comprehension of their obligations, raising questions about the quality of advice given and marketing practices.

used by agents. The Committee stresses the need for better public education and stronger agent accountability to reduce surrenders and forfeitures to protect consumers from financial loss.

- 4.9 The Committee noted that the existing Insurance Act 1998, which has been in place for over 20 years, is currently under review to address its relevance and adequacy in the modern insurance landscape.

## 5.0 Recommendations

The Committee made the following recommendations to enhance RBF Insurance's efficiency, accountability, and impact on national economic development:

- 5.1 That Annual Reports incorporate a consolidated summary of consumer complaints from all relevant bodies, including the Consumer Council of Fiji, FCCC, and insurance companies, to provide a more comprehensive overview of consumer issues in the insurance sector.
- 5.2 That clear legislative and institutional boundary be established to separate prudential regulation and consumer protection functions within the insurance sector. RBF should retain its mandate for supervisory and prudential oversight to ensure industry stability, while FCCC should be formally empowered and resourced to handle consumer complaints and enforce consumer protection provisions.
- 5.3 That the RBF initiate formal discussions with the FCCC to clarify respective roles and responsibilities under the Insurance Act 1998 and related legislation, to eliminate ambiguities and ensure better protection for consumers.
- 5.4 That insurance companies, under the guidance of RBF be encouraged to enhance the use of digital platforms to improve public awareness of insurance products. This should include clear information on terms and conditions, price comparisons, and consumer rights to promote transparency and informed decision-making.
- 5.5 That an independent panel of qualified assessors and medical professionals be established by RBF to carry out assessment work required by insurance companies, to ensure transparency, impartiality, and greater consumer confidence in the claims process.
- 5.6 That the fire levy system be reviewed to ensure a fairer and more equitable cost-sharing arrangement, where all citizens including the uninsured contribute towards funding essential fire services.
- 5.7 That RBF collates information on all types of insurance cover from all insurance companies to better understand the exact percentage of household that have access to insurance each year.
- 5.8 That insurance companies, with assistance from RBF, develop an accredited training program offered by a recognized higher education institution. This approach would ensure standardized, high-quality education for insurance agents, to stay updated on industry best practices, ethical guidelines, and regulatory compliance.



- 5.9 That the Government fast-track the review of the Insurance Act 1998 to expedite modernizing its provisions to address emerging industry trends, enhance consumer protection, and to align with international best practices.
- 5.10 The Committee commended RBF for collaborating with two insurance companies and with Insurance Resilience Solution Fund, to enhance financial resilience among vulnerable communities throughout Fiji.

## 6.0 Sustainable Development Goals

The Committee noted that Insurance Annual Reports for the period under review captured elements of Sustainable Development Goals (“SDGs”).

The contribution of the insurance industry in meeting the SDGs for Fiji is reflected through businesses (corporate sector), individuals (households’ sector) and Government (public sector).

For businesses, insurance enables better access to credit (SDG 9) and agriculture development (SDG 2), and fuels innovation (SDG 9 & 17). Through insurance, households can better save and borrow (SDG 8 & 10), address their healthcare needs and reduce unplanned expenditure (SDG 3). For government, insurance contributes to economic growth (SDG 8), jobs and employment (SDG 8 & 10), financial stability (SDG 10), savings (SDG 8), creates fiscal space in case of natural disasters (SDG 1, 11, 13 & 17), its role in supplementing social safety nets (SDG 1, 8 & 10), attracts foreign direct investments and facilitates export-import activity (SDG 17).



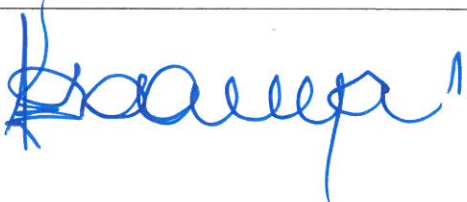
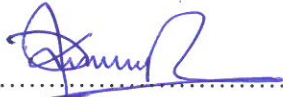
RBF Insurance particularly highlighted some specific initiatives that the Reserve Bank has been undertaking on meeting the SDGs 3, 8 and 10 for our households and individual citizens:

- The Reserve Bank sponsors financial literacy through many events but one that we think is making an effective impact is the “Noda-i-Lavo” television program. The TV program focuses on financial literacy initiatives that include education on insurance, managing finances, budgeting, and understanding financial products, leading to more informed consumers.
- The bundled microinsurance product, launched with an annual premium of \$52, now covers more than 100,000 policy holders for up to a combined claim of \$10,000 per year per policy holder. The product started with sugar cane farmers, and has expanded to include rice, copra and dairy farmers and social welfare recipients.

## **7.0 Conclusion**

The Committee's review of the Insurance Annual Reports for 2021 and 2022 identified several key issues, including the need for improved complaint tracking, clearer regulatory roles, better use of digital platforms, independent claims assessment, a fairer fire levy system, standardized training for insurance agents, and modernization of the Insurance Act. Addressing these areas will enhance consumer protection, regulatory clarity, and industry transparency in Fiji's insurance sector.

## 8.0 Committee Members' Signatures

 ..... Hon. Sakiusa Tubuna Chairperson	
 ..... Hon. Premila Kumar Deputy Chairperson	 ..... Hon. Semi Koroilavesau Member
..... Hon. Aliko Bia Member	 ..... Hon. Shalen Kumar Member

## **9.0 Annexure**

### **Published evidence**

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Written evidence, transcripts and supporting documents can be viewed on the Parliament website at the following link:

<https://www.parliament.gov.fj/committees/standing-committee-on-economic-affairs/>

Annex 1 – Written Submissions and PowerPoint Presentations

Annex 2 – Research Briefs

Annex 3 – Verbatim Reports