

Ariff Ali: Welcome remarks - Micro Parametric Insurance Products Payout event

Welcome remarks by Mr Ariff Ali, Governor of the Reserve Bank of Fiji, at the Micro Parametric Insurance Products Payout event, Suva, 25 April 2025.

* * *

Mr Padam Lala, Chair of SUN Insurance Board;

Mr Isoa Talemaibua, Permanent Secretary, Ministry of Rural and Maritime Areas and Disaster Management;

Mr Abduvakkos Abdurahmanov, Deputy UNDP Resident Representative;

Ms Anita Edgecombe, first Secretary climate change and disaster risk management, NZ High Commission in Fiji;

Development Partners, Distinguished Guests, Ladies and Gentlemen.

Bula vinaka and welcome to this Micro Parametric Insurance Payout Event. Today we witness and celebrate the outcome of collaboration of many partners who are committed to protecting the most vulnerable members of our communities from the impacts of natural disasters.

A special welcome to our aggregators and most importantly, the 15 policyholders (all from the Western Division) who represent the more than 1,100 policyholders who are recipients of the three trigger event payouts for this 2024/2025 policy period, covering an estimated 5000 beneficiaries.

Ladies and gentlemen, this event forms part of the broader InsuResilience Solutions Fund (ISF) Project, which is co-funded by the InsuResilience Solutions Fund of Germany through a Grant Agreement with our insurance partners, SUN Insurance and Tower Insurance. We are grateful to the ISF for its support.

Most of us have witnessed first-hand that climatic events are increasing in frequency and impact. There are some estimates that such climatic events cause 10 times more economic damage to developing economies than developed countries and shaves off between 1-2 percent of GDP growth annually. In addition, it puts strain on already stretched Government finances which otherwise can go for more productive capital or infrastructure investment.

Therefore, this payout event showcases the tangible impact of parametric insurance-a tool that provides timely, transparent, and predictable payouts to those affected by natural hazards. SUN Insurance, one of two insurers currently working with the Reserve Bank of Fiji under this initiative, stands today as a strong example of private sector leadership in building resilience through innovation. In my view, this micro-parametric insurance is more than a post-disaster payout. It offers a safety net to the most vulnerable and is a powerful and effective tool to unlock and enhance climate and resilience finance.

Please allow me to acknowledge SUN Insurance for its unwavering commitment to this initiative and Tower Insurance for its parallel efforts. Your institutions have shown what is possible when the private sector steps forward with purpose, vision, and a willingness to innovate and meet the needs of our vulnerable communities.

We extend our sincere appreciation to the UN Development Programme (UNDP) and UN Capital Development Fund (UNCDF) for their support through the Pacific Insurance and Climate Adaptation Program, as well as the donors who support this program. From the initial pilot in 2021 to supporting Fiji's successful proposal to the ISF, UNDP and UNCDF has played a catalytic role in introducing and establishing parametric insurance in Fiji.

Ladies and gentlemen, Fiji was the first country in the Pacific to pilot this form of insurance, and today we continue to lead the way as it expands into other markets across the Pacific. This initiative is fully aligned with Fiji's National Financial Inclusion Strategy 2022–2030, particularly its Pillar on Inclusive Finance.

This pillar is committed to ensuring that all Fijians-especially those who are vulnerable and financially excluded, can access products and services that are not only affordable but are also tailored to their needs. It also includes a strategic focus on developing financial solutions that build resilience against climate change and economic shocks.

The Micro Parametric Insurance project aims to onboard 5,000 policyholders, with a strong emphasis on inclusion-targeting 50 percent women and 60 percent from poor and vulnerable communities. In addition, the project seeks to raise awareness and extend outreach on the benefits of parametric insurance to 20,000 Fijians across the country. In partnership with key government ministries and aggregators, we have been able to reach close to 5,000 Fijians in person through awareness activities in the last five months.

Looking ahead, preparation for Year 2 of the ISF Project is already underway. We will soon begin a review of the existing insurance products and explore the development of new parametric solutions tailored to the needs of more sectors and communities. We acknowledge that delays occurred during the initial onboarding and payout process, and we undertake to ensure an effective process going forward.

In concluding, I wish to again sincerely thank SUN Insurance and Tower Insurance, UNDP and UNCDF for their commitment in sustaining this private sector-led initiative and ensuring the continued availability of parametric insurance in Fiji.

To the policyholders who will receive the payout certificates today, we hope you will continue to share with your fellow farmers and small business owners the benefits of having this insurance cover. All key partners of the program will continue to safeguard the effective management of the project to ensure that our vulnerable communities are not left behind.

Thank you and my best wishes for an enjoyable event today.