

**LETTERHEAD OF LAW SOCIETY OF HONG KONG**

SG/FA/1637

*From the President*

22 October, 2001

The Hon. Ms. Margaret Ng,  
Chairman,  
LegCo sub-committee on Solicitors' PI Rules,  
Legislative Council Building,  
8 Jackson Road, Central  
HONG KONG

Dear

**Sub-committee on Solicitors (Professional Indemnity)  
(Amendment) Rules 2001**

I refer to the discussions at the meeting on 16 October.

The Council of the Law Society is empowered under s. 73A of the Legal Practitioners Ordinance ("the Ordinance") to make rules concerning professional indemnity insurance for solicitors in Hong Kong.

Hong Kong Solicitors Indemnity Fund Ltd. ("the Company") was established by the Council to manage and administer the Professional Indemnity Scheme ("the Scheme") on behalf of the Law Society.

The Company has entered into a 5-year reinsurance contract with various reinsurers to reinsure the Scheme. The contracts expire on 30 September 2005.

With the prior approval of the Chief Justice the Council has made the Solicitors (Professional Indemnity) (Amendment) Rules 2001 ("the Amendment Rules") under s. 73A of the Ordinance.

The Amendment Rules came into operation on 1 October 2001.

The Amendment Rules are being considered by the Legislative Council under its powers of "negative vetting" under s. 34 of the Interpretation and General Clauses Ordinance (Cap. 1)

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The Law Society fully intends to carry out an independent review of the current insurance arrangements under the Scheme with a view to considering whether at the expiration of the 5-year reinsurance contracts the Law Society should maintain the existing mutual scheme with or without amendment or to demutualise the Scheme and put into effect such other options as may be proposed as a result of the review.

The Law Society wishes to assure the Honourable members of the Legislative Council that once the parameters and likely cost are determined it will seek a mandate from its members to carry out expeditiously an independent review and will inform the Legislative Council of the progress of that review on or before 30 September 2003. Any recommended arrangements will have to be acceptable to members of the Law Society, approved by the Chief Justice and transformed into amendments to the statutory rules to be approved by the Legislative Council before the expiration of the 5-year contracts at the end of September 2005. At this stage that is the "timetable" to which we shall be working.

If there are any points arising from this letter please do not hesitate to contact me.

Yours sincerely,

Herbert Tsoi  
President

HT/PM/dp