

INS/TEC/10/10 (III)

30 July 2001

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Clerk to Panel
(Attn: Ms Connie Szeto)
Legislative Council
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Ms Szeto,

LegCo Panel on Financial Affairs
Meeting on 4 June 2001

I refer to your letter of 18 July 2001 sent to the Secretary for Financial Services and copied to us.

Our comments on Item IV of the draft minutes of the captioned meeting have been conveyed to the SFS for a consolidated reply to you. With regard to paragraphs 20 and 23 of the draft minutes, the follow-up actions that we have taken are as follows:

Paragraph 20

We have referred the Hon. Albert Ho's suggestion for the insurance industry to adopt standardized insurance policy terms and conditions to The Hong Kong Federation of Insurers ("HKFI") for consideration. It is of the view that the suggestion is not commercially viable. A copy of HKFI's letter of 17 July 2001 is enclosed for your reference.

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Paragraph 23

As a continual effort in our public education initiative, we are planning to issue 2 educational pamphlets towards the last quarter of 2001 to provide some general guidance to the public on the matters they need to know when buying new insurance policies or replacing their existing insurance policies. In addition to our normal distribution channels, we will also request the cooperation of the insurance companies in distributing the pamphlets to their policy holders, rather than imposing a mandatory requirement on them. As insurance companies in the past have been cooperative in disseminating the Insurance Authority's information to their clients, coupled with the fact that the pamphlets could help to retain their policy holders, we believe that insurance companies would be willing to accede to our request.

Yours sincerely,

(Ros K.T. Lam)
Acting Commissioner of Insurance

c.c. SFS (Attn: Miss Susie Ho)

LETTERHEAD OF THE HONG KONG FEDERATION OF INSURERS

Ref: Lv096/01

17 July 2001

Mr Benjamin Tang, JP
Commissioner of Insurance
Office of The Commissioner of Insurance
21/F Queensway Government Offices
66 Queensway
Hong Kong

Dear Mr Tang

Standard Policy Terms and Conditions

Reference is made to your suggestion to the industry to adopt standard policy terms and conditions on travel insurance, medical insurance, etc.

The Hong Kong Federation of Insurers (HKFI) is of the view that standardization of policy terms and conditions is not commercially viable because:

1. Product nature, coverage and pricing vary from insurers to insurers; and
2. Standardization of policy terms and conditions will leave consumers with no choice.

We believe education is the best way to assist the insuring public to better understand their rights and things to look for when taking out insurance. Over the last few years, the HKFI has been conducting various educational programmes including radio programmes, newspaper columns, the 24-hour Insurance Information Telephone Service Line and educational booklets on personal insurance.

Our latest initiative was an addition of a section titled "Insurance Tips" to our website (<http://www.hkfi.org.hk>). This section provides, by products, the definition and explanation of fundamental insurance terms and conditions through Questions-and-Answers, with a view to assisting the public to relate these topics to real life situations.

Your attention is appreciated.

Yours sincerely

M K Cheng
Chairman

MKC/LF/DH/vc