

立法會
Legislative Council

LC Paper No. CB(2)1815/01-02
(These minutes have been seen by
the Administration)

Ref : CB2/BC/8/01

**Bills Committee on
Employees Compensation Assistance (Amendment) Bill 2002**

**Minutes of the 3rd meeting
held on Tuesday, 23 April 2002 at 10:45 am
in the Chamber of the Legislative Council Building**

- Members present** : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Hon Kenneth TING Woo-shou, JP
Hon LEE Cheuk-yan
Hon Eric LI Ka-cheung, JP
Hon CHAN Kwok-keung
Hon Bernard CHAN
Hon LEUNG Yiu-chung
Hon Andrew CHENG Kar-foo
Hon Abraham SHEK Lai-him, JP
Hon LI Fung-ying, JP
Hon LEUNG Fu-wah, MH, JP
- Members absent** : Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Hon TAM Yiu-chung, GBS, JP
- Public Officers attending** : Mrs Jenny CHAN
Assistant Commissioner for Labour (Rights and Benefits)
- Mr LAI Ka-tong
Senior Labour Officer (Compensation)
- Mr Alan LO
Principal Assistant Secretary for Financial Services
(Retirement Schemes and Insurance)

Mr H Y MOK
Assistant Commissioner of Insurance (General Business)

Mr Geoffrey A FOX
Senior Assistant Law Draftsman

Mr Lawrence PENG
Senior Government Counsel

Attendance by Invitation : General Insurance Council of The Hong Kong Federation of Insurers

Mr CHAN Kin-por
Chairman, General Insurance Council

Mr Franz-Josef HAHN
Councillor, General Insurance Council

Mr Ross MATTHEWS
Councillor, General Insurance Council

Employees Compensation Assistance Fund Board

Mr Raymond TANG
Chairman

Ms Patricia YIM Wai-man
Secretary

Employers' Federation of Hong Kong

Mr Victor APPS
Vice Chairman

The Hong Kong Construction Association Ltd

Mr James R GRAHAM
Chairman of Working Group on Construction Insurance

Mr James LAU Chi-wang
Member

Mr Patrick CHAN Wing-tung
Secretary General

Clerk in attendance : Mrs Sharon TONG
Chief Assistant Secretary (2) 1

Staff in attendance : Miss Kitty CHENG
Assistant Legal Adviser 5

Ms Dora WAI
Senior Assistant Secretary (2) 4

I. Confirmation of minutes of meeting held on 3 April 2002

The minutes of the meeting held on 3 April 2002 were confirmed.

II. Meeting with deputations and the Administration

2. The Bills Committee deliberated (Index of proceedings attached at **Annex**).

3. One member requested the Administration to provide a written response on the basis for fixing the surcharge on uninsured employers at three times the levy payable on the premium paid on the employees compensation insurance policy after the offence was detected, and the possibility of increasing the level of surcharge.

4. The Administration informed the Bills Committee that the Employees Compensation Assistance Fund Board (the Fund Board) only held a balance of around \$20 million at present, it was imperative that the necessary financial arrangements, which included the proposed increase in the levy rate for the Fund Board and a government loan of \$280 million, be in place in time so that the Fund Board could have sufficient funds to meet its statutory responsibilities. The Administration appealed to members for their assistance in speeding up the scrutiny of the Bill.

III. Date of next meeting

5. The Bills Committee agreed that the next meeting be held on 9 May 2002 at 2:30 pm.

6. There being no other business, the meeting ended at 12:35 pm.

Council Business Division 2
Legislative Council Secretariat
3 May 2002

**Proceedings of the 3rd meeting of the
Bills Committee on
Employees Compensation Assistance (Amendment) Bill 2002
held on Tuesday, 23 April 2002 at 10:45 am
in the Chamber of the Legislative Council Building**

Time	Speaker	Subject(s)	Action required
0000 - 0229	Chairman	(a) Confirmation of minutes of last meeting; and (b) Inviting deputations to present their views on the Bill	
0230 - 0515	General Insurance Council of The Hong Kong Federation of Insurers (GIC)	Presenting its views as set out in its two submissions (LC Paper Nos. CB(2)1428/01-02(01) and CB(2)1626/01-02(01))	
0516 - 0526	Chairman	Inviting the next deputation to present views	
0527 - 1140	Fund Board	Presenting its views as set out in its submission (LC Paper No. CB(2)1635/01-02(01))	
1141 - 1152	Chairman	Inviting the next deputation to present views	
1153 - 1839	Employers' Federation of Hong Kong	Presenting its views as set out in its submission (LC Paper No. CB(2)1635/01-02(02))	
1840 - 1902	Chairman	Inviting the next deputation to present views	
1903 - 2707	The Hong Kong Construction Association Ltd	Presenting its views as set out in its submission (LC Paper No. CB(2)1647/01-02(01))	
2708 - 2719	Chairman	(a) Admin's written response to submissions from deputations (LC Paper Nos. CB(2)1467/01-02(03) and CB(2)1682/01-02(01)); and (b) Inviting questions from members concerning views expressed by deputations	
2720 - 3029	Mr Bernard CHAN	(a) Ways of handling the situation where the proposed employees compensation insurer insolvency scheme (the proposed scheme) had insufficient funds to meet the claims arising from insurer insolvency occurred during the start up period of the proposed scheme; (b) Transitional arrangement for making payment of claims arising from insurer insolvency occurred before the establishment of the proposed scheme; and (c) Not requiring approval from the Legislative Council for raising the level of funding for the proposed scheme	

Time	Speaker	Subject(s)	Action required
3030 - 3741	Admin	(a) Ways of handling the situation where the proposed employees compensation insurer insolvency scheme (the proposed scheme) had insufficient funds to meet the claims arising from insurer insolvency occurred during the start up period of the proposed scheme; and (b) Transitional arrangement for making payment of claims arising from insurer insolvency occurred before the establishment of the proposed scheme	
3742 - 3802	Mr Bernard CHAN	Not requiring approval from the Legislative Council for raising the level of funding for the proposed scheme	
3803 - 3851	Admin	- ditto -	
3852 - 4205	Mr LEE Cheuk-yan	(a) Surcharge on uninsured employers; (b) Recommendations made by the Employers' Federation of Hong Kong to minimise the risk of insurer insolvency as set out in paragraph 3 of its submission; (c) Shifting the burden of 1% increase in levy rate to employers; and (d) Playing the role of lender of last resort by the Government	
4206 - 4221	Chairman	Penalty on uninsured employers	
4222 - 4327	Admin	Surcharge and penalty on uninsured employers	
4328 - 4345	Chairman	- ditto -	
4346 - 4357	Admin	- ditto -	
4358 - 4429	Chairman	Recommendations made by the Employers' Federation of Hong Kong to minimise the risk of insurer insolvency	
4430 - 4604	GIC	(a) Recommendations made by the Employers' Federation of Hong Kong to minimise the risk of insurer insolvency; and (b) Shifting the burden of 1% increase in levy rate to employers	
4605 - 4615	Chairman	Recommendations made by the Employers' Federation of Hong Kong to minimise the risk of insurer insolvency	
4616 - 4836	Admin	Measures taken or to be taken by the Government in strengthening the supervision of insurers underwriting employees compensation business	
4837 - 4858	Mr LEE Cheuk-yan	Possibility of extending the new requirement of \$100 million as the minimum registered capital to authorised insurers	
4859 - 4927	Admin	- ditto -	

Time	Speaker	Subject(s)	Action required
4928 - 5057	Mr Kenneth TING	(a) Level of insurance premium charged by the three HIH Group of companies operated in Hong Kong; and (b) Strengthening the supervision of insurers underwriting compulsory insurance business	
5058 - 5201	Admin	- ditto -	
5202 - 5229	Mr Kenneth TING	Number of successful convictions against uninsured employers	
5230 - 5336	Admin	- ditto -	
5337 - 5522	Mr Abraham SHEK	(a) Difficulties encountered by principal contractors in the construction industry in applying payments from the Fund; (b) Need to put in place an effective mechanism to minimise the risk of insurer insolvency, in particular insurers with parent companies outside Hong Kong; and (c) Recommendations made by The Hong Kong Construction Association Ltd as set out in paragraphs 8, 9 and 10 of its submission	
5523 - 5723	Fund Board	Difficulties encountered by principal contractors in the construction industry in applying payments from the Fund	
5724 - 5747	Mr Abraham SHEK	Spirit of the Fund Board	
5748 - 5945	Fund Board	- ditto -	
5946 - 010003	Chairman	Proposed amendment in the Bill to address the issue of principal contractors	
010004 - 010035	Admin	- ditto -	
010036 - 010055	Chairman	Need to put in place an effective mechanism to minimise the risk of insurer insolvency, in particular insurers with parent companies outside Hong Kong	
010056 - 010215	Admin	- ditto -	
010216 - 010247	Chairman	Recommendations made by The Hong Kong Construction Association Ltd	
010248 - 010627	Admin	Measures taken by the Government in promoting work safety	
010628 - 010652	Chairman	Rewards for organisations with good work safety record and effective risk and claims management	
010653 - 010830	Admin	- ditto -	
010831 - 010923	Mr Abraham SHEK	Need to strengthen the supervision of insurers underwriting employees compensation business	
010924 - 010956	Chairman	Proposed amendment in the Bill to address the issue of principal contractors	
010957 - 011024	Admin	- ditto -	
011025 - 011054	Chairman	- ditto -	
011055 - 011102	Admin	- ditto -	

Time	Speaker	Subject(s)	Action required
011103 - 011111	Mr Abraham SHEK	Compensation arrangements for workers whose employers had become insolvent	
011112 - 011119	Chairman	- ditto -	
011120 - 011341	Mr LEUNG Fu-wah	(a) Difference in the level of insurance premium charged by insurers and the relationship between the levy rate and the actual levy income received by the Fund Board; (b) Loss of \$5.5 billion in employees compensation business in the past 11 years; and (c) Issues relating to work safety, enforcement of the compulsory insurance requirement and penalty on uninsured employers	
011342 - 011822	GIC	(a) Difference in the level of insurance premium charged by insurers and the relationship between the levy rate and the actual levy income received by the Fund Board; and (b) Loss of \$5.5 billion in employees compensation business in the past 11 years	
011823 - 011932	The Hong Kong Construction Association Ltd	Reasons for the increase in insurance premium	
011933 - 012012	Mr LEUNG Fu-wah	Issues not directly relevant to the Bill to be dealt with separately by the Government in consultation with the insurance industry	
012013 - 012025	Chairman	- ditto -	
012026 - 012410	Ms LI Fung-ying	(a) Need to impose heavier penalty on uninsured employers; and (b) Monitoring of the financial position of insurers with parent companies outside Hong Kong	
012411 - 012445	Admin	Need to impose heavier penalty on uninsured employers	
012446 - 012509	Chairman	Monitoring of the financial position of insurers with parent companies outside Hong Kong	
012510 - 012558	Admin	- ditto -	
012559 - 012630	Ms LI Fung-ying	Cause of the insolvency of the three HIH Group of companies operated in Hong Kong	
012631 - 012719	Admin	- ditto -	
012720 - 012849	Mr Bernard CHAN	(a) Proposal to set an admissibility limit to the amount of reinsurance recoverable from parent companies outside Hong Kong; and (b) Objection to the proposal of excising insurer insolvency from the scope of ECAS and suggestion for the insurance industry to administer ECAS	

Time	Speaker	Subject(s)	Action required
012850 - 013041	GIC	Proposal to set an admissibility limit to the amount of reinsurance recoverable from parent companies outside Hong Kong	
013042 - 013100	Chairman	Suggestion for the insurance industry to administer ECAS	
013101 - 013122	Mr Bernard CHAN	- ditto -	
013123 - 013236	Admin	- ditto -	
013237 - 013417	GIC	- ditto -	
013418 - 013514	Fund Board	- ditto -	
013515 - 013529	Chairman	- ditto -	
013530 - 013610	Mr Kenneth TING	(a) Suggestion for the insurance industry to administer ECAS; and (b) Channels available to employees to check whether employers had taken out insurance cover for their employees	
013611 - 013657	Admin	Channels available to employees to check whether employers had taken out insurance cover for their employees	
013658 - 013746	Chairman	Inviting further questions from members and further response from Admin	
013747 - 013813	Admin	Suggestion for the insurance industry to administer ECAS	
013814 - 013946	Chairman	Admin's written response concerning measures adopted by the United Kingdom and Canada in response to the insolvency of the HIH Group of companies (LC Paper No. CB(2)1682/01-02(02))	
013947 - 014139	Admin	Urgency of the Bill	
014140 - 014253	Mr Bernard CHAN	Objection to the proposal of excising insurer insolvency from the scope of ECAS	
014254 - 014328	Admin	- ditto -	
014329 - 014345	Chairman	- ditto -	
014346 - 014401	Admin	- ditto -	
014402 - 014410	Mr Bernard CHAN	- ditto -	
014411 - 014434	GIC	- ditto -	
014435 - 014554	Chairman	(a) Date of next meeting; (b) Admin's written response concerning relief payment (LC Paper No. CB(2)1682/01-02(03)); and (c) Letter from Legal Service Division to Admin and Admin's reply (LC Paper Nos. CB(2)1674/01-02(01) and CB(2)1674/01-02 (02))	

Time	Speaker	Subject(s)	Action required
014555 - 014700	Mr LEE Cheuk-yan	Request for Admin to provide a written response on the basis for fixing the surcharge on uninsured employers at three times the levy payable on the premium paid in relation to an employees compensation insurance policy taken out after the offence was detected, and the possibility of increasing the level of surcharge	✓ Admin to provide a written response
014701 - 014717	Chairman	- ditto -	

Note : The audio records of the above proceedings are kept at the LegCo Library

Council Business Division 2
Legislative Council Secretariat
3 May 2002