

立法會
Legislative Council

LC Paper No. LS 61/01-02

**Paper for the House Committee Meeting
of the Legislative Council
on 1 March 2002**

**Legal Service Division Report on
Resolution under Section 23 of the Hong Kong Export Credit
Insurance Corporation Ordinance (Cap. 1115)**

The Secretary for Commerce and Industry has given notice to move a motion at the Council meeting of 13 March 2002 to seek the Council's approval to increase the maximum contingent liability at any time of the Hong Kong Export Credit Insurance Corporation ("the Corporation") under contracts of insurance entered into by the Corporation as insurer to \$12,500 million.

2. The Corporation was established under the Hong Kong Export Credit Insurance Corporation Ordinance (Cap. 1115) to provide insurance for persons carrying on business in Hong Kong against risk of monetary loss or detriment attributable to circumstances outside the control of the persons suffering loss or detriment and resulting from failure to receive payment in the course of trade with places outside Hong Kong. The Corporation offers Hong Kong exporters protection against risks that arise from commercial and political events which are not normally insured with commercial insurers.

3. The maximum contingent liability of the Corporation at \$10,000 million has been in effect since December 1997. Under section 23 of the Ordinance, any change to this maximum limit is to be determined by the Legislative Council by resolution.

4. Under section 18 of the Ordinance, the Government shall guarantee the payment of all moneys due by the Corporation.

5. As at 31 December 2001, the Corporation's contingent liability amounted to \$9,479 million. The Corporation forecasts that the contingent liability would reach \$10,000 million by May 2002 and has therefore recommended, with the support of the Advisory Board of the Corporation, that the maximum contingent liability be increased by \$2,500 million.

6. The Administration believes that failure to raise the maximum limit would render the Corporation unable to accommodate its normal business expansion. The Administration also stresses that the maximum liability is a theoretical contingent amount which is most unlikely to be at risk in totality at any one time. In 2000-01, the amount of gross claims is \$78.98 million.

7. The draft resolution is legally in order.

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