

LC Paper No. CB(2)2701/03-04(03)**Presentation by Mr Larry KO on behalf of the Professional Indemnity Scheme Action Group**

I believe everyone is agreeable to the following : -

1. Solicitors are qualified to practise law and not to act as insurers for unlimited amounts.
2. It is accepted by the majority of the Solicitors' Profession that there should be mandatory insurance.
3. By having to take out mandatory insurance of HK\$10m for each and every claim which entails huge premiums being paid by solicitors, the public's interests are adequately protected.
4. No other profession in Hong Kong is required to take out mandatory insurance cover. This is really surprising especially when it comes to the medical profession. I believe everyone in Hong Kong has to consult with a doctor sometime in his or her lifetime. Yet, doctors do not have to have insurance cover when they are dealing with people's lives. The Department of Justice has indicated that the Solicitors' Profession is different from other profession because we handle clients money. However, under the existing SIF, fraud of principals is not covered and indeed such cover cannot be obtained.
5. In the solicitor's profession not only do they have to have mandatory insurance but they are required to act as insurers for insurance companies that become insolvent. This is totally unfair and unjust. By making solicitors act as insurers of last resort it effectively (a) deprive some solicitors of their livelihood and (b) drives some competent solicitor out of the profession altogether.
6. In the normal course of events, when an insurance company becomes insolvent, the insured will have to carry the consequences. That is an accepted state of affairs.

In the case of motor insurance, and before MIB signed the insolvency fund in 1985 with the Government, the injured person would have to claim against the owner and or driver when the insurance company for the vehicle becomes insolvent. So I would like to ask the Administration this question.

What is the reason for making the solicitors' profession act as insurers for insurance companies that become insolvent for unlimited amounts especially when they have already taken out mandatory insurance to protect the public?

Lastly, I would fully support what Ms. Margaret Ng said in her letter to the Solicitor General of 29th May 2004.