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LAW SOCIETY
OF HONG KONG

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SG/PIS/2020

18th December 2003

by fax and post
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Mrs. Percy Ma,
Clerk to Panel,
Legislative Council Secretariat,
Legislative Council Building,
8 Jackson Road, Central,
Hong Kong.

URGENT

Dear Mrs. Ma,

**Statement on the Professional Indemnity Scheme
by the Law Society of Hong Kong**

In order to assist the deliberations of the LegCo Panel this afternoon I set out below some of the salient features of the report by Willis China (Hong Kong) Limited ("the Willis Report").

The Willis Report reviews current insurance arrangements and reports on what insurance arrangements are in the best interests of the legal profession and of the public.

A number of proposals have been put forward including the following:-

- the existing limit of indemnity of HK\$10 million should be retained
- the insured firm should continue to be responsible for a deductible, namely a determined amount in respect of any claim
- the Solicitors' Indemnity Fund to be responsible for the next HK\$1.5M to HK\$2M
- the balance up to HK\$10M to be covered by a policy taken out with commercial insurers
- there should be risk banding in determining the contributions to be paid by members on the principle that high risk work should account for a greater amount of contributions

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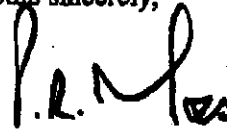
Mrs. Percy Ma
Clerk to Panel
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- there should be increased loading for firms making claims on the principle that a user pays more.

The Law Society will be putting these proposals to the membership for comment and discussion but I would add that the Council has not yet had the opportunity of discussing the Willis Report or of forming a view on the proposals contained in it.

Yours sincerely,



Patrick Moss
Secretary General

PM/ff