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***By fax: 2869 6794***

13 December 2004

Miss Salumi Chan  
Clerk to the Legislative Council  
Panel on Financial Affairs  
Legislative Council  
8 Jackson Road  
Hong Kong

Dear Miss Chan,

**Panel on Financial Affairs  
Follow-up to the meeting on 6 November 2003  
Review on the institutional set-up of the  
Office of the Commissioner of Insurance**

Thank you for your letter dated 18 November 2004.

In the light of international regulatory trends and developments of the insurance industry, we have reviewed the institutional set-up of the Insurance Authority and consulted the Panel on Financial Affairs of the Legislative Council (in November 2003) and the industry on a proposal to establish an insurance regulator independent of the Government.

We are considering the comments and responses and the issues relating to the establishment of an independent insurance authority. Our aim is to develop a detailed proposal for further consultation with relevant stakeholders in the next 12 months.

Yours sincerely,

( Ms Cora Ho )  
for Secretary for Financial Services  
and the Treasury

c.c. Hon Bernard Chan, JP (Chairman)  
AA/SFST