

律政司  
法律政策科  
香港金鐘道66號  
金鐘道政府合署高座1樓  
圖文傳真：852-2180 9928  
網址：www.doj.gov.hk



DEPARTMENT OF JUSTICE  
Legal Policy Division  
1/F., High Block  
Queensway Government Offices  
66 Queensway, Hong Kong  
Fax : 852-2180 9928  
Web Site : www.doj.gov.hk

本司檔號    **Our Ref.:**    LP 5004/4/9C VIII  
來函檔號    **Your Ref.:**    CB2/PL/AJLS  
電話號碼    **Tel. No.:**    2867 4226

**BY FAX: 2509 9055**

Total pages : 2

30 September 2005

Mrs Percy Ma  
Clerk to Panel  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

via Mr Michael Scott, SASG/GLP

Dear Mrs Ma,

**Panel on Administration of Justice and Legal Services  
List of follow-up actions**

**Professional Indemnity Scheme of the Law Society**

I refer to your letter dated 21 September 2005 regarding the above matter.

**The Administration's Position**

The Administration is aware of the financial burden that the current arrangements under the PIS have placed on solicitors, and accepts that this burden needs to be reduced. The Administration is, therefore, not opposed to a change in the current scheme, provided that consumers are adequately protected in the event of any insurer becoming insolvent.

We also do not consider it to be essential that any future scheme should make solicitors the insurers of last resort. However, we consider that consumers should not be subject to a large degree of risk of non-recovery in the event of an insurer's insolvency.

The Administration has undertaken to work constructively with the Law Society to try to resolve matters in a way that satisfies the public interest. It has recently advised the Law Society in June 2005 to send us further justification as to why a Qualifying Insurers Scheme (“QIS”) should be acceptable in the public interest. For example, it could comment on –

- (1) what system will be in place for ensuring that only reliable insurers were approved as qualifying insurers;
- (2) whether reinsurance will offer any protection to solicitors and their clients against the insolvency of a qualifying insurer;
- (3) whether qualifying insurers will introduce practice standards for solicitors which will help to prevent negligence occurring;
- (4) whether solicitors with bad claims records will be forced either to improve their practices or to cease to practise through inability to obtain insurance cover.

When the Law Society’s response is received, the Administration will reconsider its position in respect of the proposed QIS.

The Administration has written to the Law Society subsequently commenting on aspects relating to the draft QIS Rules and that we are awaiting the response from the Law Society in respect of the above matters. The Administration understands that the Law Society is currently conducting a costing exercise in order to find out the cost of insurance premium under the QIS.

Pending the views from the Law Society, the Administration maintains its position in relation to the QIS.

Yours sincerely,

( Ms Kitty Fung )  
Senior Government Counsel  
Legal Policy Division

c.c. The Law Society of Hong Kong (Attn: Mr Patrick Moss)