

民政事務總署

第四科

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15 October 2007

Miss Flora TAI
Clerk to Subcommittee
Subcommittee on Building Management
(Third Party Risks Insurance) Regulation
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Miss TAI,

**Subcommittee on Building Management
(Third Party Risks Insurance) Regulation**

Thank you for your letter of 12 October 2007.

In response to the questions raised in your letter concerning the Building Management (Third Party Risks Insurance) Regulation (the Regulation), we would like to provide the following information.

When the draft Regulation was discussed by the Bills Committee on Building Management (Amendment) Bill 2005, we advised Members that according to the Hong Kong Federation of Insurers (HKFI), an average of 6 500 public liability claims were received by its members companies between 2002 and 2004 and there was no single claim reported which exceeded \$10 million. Although no breakdown of the claims is available, the HKFI advised that most claims are small to medium size according to the experience of its members.

The HKFI also advised that it is not in a position to give a level of insurance premium for an insured amount of \$10 million. The level of insurance

premium depends on a host of factors which include, and not limited to, the age of the building, the maintenance conditions of the building, the use of the building, etc. It would be difficult to provide Members with an estimate of the level of insurance premium. For Members' reference, the Urban Renewal Authority and the Hong Kong Housing Society have both introduced an incentive scheme whereby owners' corporations (OCs) which have completed the renovation works in the common parts of the buildings will be reimbursed for the third party risks insurance premium of up to \$6,000 per annum for three consecutive years.

Section 3(1) of the Regulation requires a policy to insure the OCs in respect of any liability that may be incurred by the OC in respect of the death of, or the bodily injury to, any person. Section 3(2) sets out the types of liabilities which need not be covered by the insurance policy. In accordance with section 3(2)(c), it is not mandatory for a policy to cover any liability arising out of a breach of any duty imposed by law in relation to any building within the meaning of the Buildings Ordinance (Cap. 123); or any building works or street works carried out in contravention of the Buildings Ordinance.

The mandatory third party risks insurance procured by the OC will cover the liability of an OC that may be incurred by the OC in respect of the death of, or the bodily injury to, any person, other than those specified in section 3(2) of the Regulation. In the case of several causes of a liability (one of them being unauthorized building works (UBWs)), it will have to be decided which part of the liability is attributable to UBWs and which part not and the liability will be determined accordingly. This depends on the particular circumstances and facts for each individual case and court judgment may be sought in case there are disputes over these issues.

Yours sincerely,



(Miss Linda SO)
for Director of Home Affairs

c.c. DoJ (Attn : Mr Lawrence Peng)
(Ms Lonnie Ng)
(Ms Grace Lam)