



Our Ref: Lv020/16

23 May 2016

Dr the Honourable Ko Wing Man, BBS, JP  
Secretary for Food & Health  
Food and Health Bureau

Dear Dr Ko

**Voluntary Health Insurance Scheme (VHIS)**

As one of the key stakeholders of this important policy initiative, the Hong Kong Federation of Insurers (HKFI) has been working closely with the Food and Health Bureau (FHB) to try and work out a practical and commercially viable framework for the benefit of consumers and the community. In the process, we have provided some technical input and market data and expressed our major concerns regarding certain proposals from your team. Like you, we want to ensure this Scheme is sustainable and fit for purpose.

Noting that your Bureau is about to release the final report on this subject soon, we would like to recap and highlight some of the key facts pertaining to the HKFI's position on the VHIS:

1. We do not object to Guaranteed Acceptance as long as there is a firm financial commitment from the Government on the High Risk Pool (HRP) upfront. The HRP and hence Guaranteed Acceptance, in our considered view, is not sustainable without Government's long-term funding commitment to the HRP.
2. On the implementation of the VHIS, the industry supports a market agreement (exemption to be sought by your Bureau from the Competition Commission) or a Guidance Note to be issued by the industry regulator, i.e., Office of the Commissioner of Insurance (OCI) or the Independent Insurance Authority (IIA). We would anticipate that the FHB would be duly consulted on any future amendments to such an agreement or guidance note.
3. Regulatory oversight, if needed, should be conducted by the OCI or IIA as appropriate with claims complaints to be handled by the Insurance Claims Complaint Bureau as at present.

Apart from these items, the industry is broadly supportive of the development of a standard product and the specific features as discussed previously.

Yours sincerely

Ronnie Ng  
Chairman

- c.c. HKFI Governing Committee  
HKFI's Task Force on Health Care Reform  
The Hon K P Chan  
The Hon Bernard Chan  
Chairman, Independent Insurance Authority  
Commissioner of Insurance  
Legco's Subcommittee on HPS