

立法會  
*Legislative Council*

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Tel : 2509 4189  
Date : 5 May 1999  
From : Clerk to Panel  
To : Hon Fred LI Wah-ming (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Hon David CHU Yu-lin  
Hon LEE Wing-tat  
Hon Eric LI Ka-cheung, JP  
Dr Hon David LI Kwok-po, JP  
Hon MA Fung-kwok  
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Hon Howard YOUNG, JP  
Hon LAU Chin-shek, JP  
Hon Mrs Miriam LAU Kin-yeet, JP  
Hon Andrew CHENG Kar-foo  
Hon FUNG Chi-kin

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**LegCo Panel on Economic Services**

**Third Party Insurance for Civil Aircraft**

At the Panel meeting held on 25 January 1999, the Administration briefed members on proposed legislation to require all aircraft operating in Hong Kong to carry third party liability insurance. Subsequently the Hong Kong Aviation Club and an individual has sent two letters to the President of the Legislative Council opposing the high level of insurance required for private aircraft.

2. With the concurrence of the Panel Chairman, the two letters are attached for members' reference. The Chinese translation of the two letters will follow.

(Daniel HUI)  
for Clerk to Panel

Encl.

c.c. Hon James TIEN Pei-chun, JP (Chairman)  
All other Members of the Legislative Council  
ASG1  
ALA2

**Letterhead of HONG KONG AVIATION CLUB LTD.**

file: 3rdinsurl

Hon Mrs Rita FAN, GBS, JP  
President  
Room 109  
Legislative Council Building  
8 Jackson Road  
Central  
Hong Kong

8 April 1999

Dear Mrs Fan:

Proposal by the Department of Civil Aviation  
to Compulsorily Require Private Aircraft  
to carry Third Party Legal Liability Insurance

The Club has been informed that a proposal is to be put before you, which if accepted will require private aircraft to compulsorily carry Third Party Legal Liability Insurance Cover of US\$15 million while operating in Hong Kong airspace, otherwise than for hire or reward, i.e. private flying.

The proposal is seen by the Club as inequitable and excessive.

The Club currently operates 7 out of the 9 fixed private aircraft currently in Hong Kong. Due to the Closure of Kai Tak and the prohibition of recreational and training private flying activity at Chek Lap Kok, combined with very restricted access to the Sek Kong military airfield (which we are able to use at weekends only, and often only on 1 day of the weekend), the Club is in a financially precarious position.

Hong Kong is among the most expensive places in the world to undertake flying training and private recreational flying. A significant proportion of our hourly flying cost is due to Government charges.

The effect of the proposal will be to raise the costs of operating a typical one of our aircraft a Cessna 172, by US\$1,260 per annum. As the Club is unable to absorb such costs our hourly aircraft hire charge will need to be raised by HK\$40.00 per hour, from HK\$1,790 to HK\$1,830 to cover the increased cost of insurance. That level of increase assumes that the club will fly 256 hours in a full years operations (based on the average hours flown by our Cessna 172's in 1998). Due to the restrictions on our operations referred to above, we cannot be assured that we will be able to fly that many hours in any given year, and every hour less than that estimated will result in an even higher operating cost.

Currently the Club, as a prudent aircraft operator, voluntarily carries Third Party legal Liability insurance of US\$5 Million per aircraft. That amount has been set in consultation with professional insurance brokers and underwriters as an appropriate level given the nature and location of flying activities in Hong Kong.

Member of the Federation Aeronautique Internationale

HONG KONG AVIATION CLUB LTD

The level of compulsory Third Party Legal Liability insurance proposed by the Government is seen by the Club and its insurance brokers as excessive and unnecessary to provide a suitable level of protection to the Club and the public.

The Club fears that the increased charges, taken with the already very high costs of operating in Hong Kong will prevent many of our members from flying, or from flying as frequently as they do presently, and will put the cost of “ab-intio” training out of reach of many of Hong Kong’s young people.

In view of the above we would urge you not to approve the Government’s proposal to require compulsory 3rd Party Legal Liability Insurance cover. However should you be convinced by the Government’s arguments that such cover is essential and should be legislated for, the level of such cover should be limited to the US\$5 million per aircraft that we currently carry. That level should only be reviewed in consultation with professional insurance brokers and with owners of private aircraft, including the Club.

Yours faithfully,

Alex Yan  
President

Executive/Legislative Councilor  
Hon Mrs Rita Fan, GBS, JP  
Room 109  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

C.Guillot #G343 - c/o Pilou co ltd.  
Unit E 9/F Hop Hing Ind. Bldg  
704 Castle peak Rd - Kowloon

Hongkong, 20 April 1999

Proposal by the Department of civil Aviation  
To Compulsorily Require Private Aircraft  
To carry Third Party Liability Insurance

Dear Mrs Fan,

As a new member of the Hong Kong Aviation Club, the proposal which is going to be put before you and which consists in requiring private aircraft to compulsorily carry Third Party Legal liability Insurance Cover of US\$15 million while operating in Hong Kong airspace in a private flying, means an even little chance for people like me to ever get a chance to get their pilot qualification.

As a new comer, I let the qualified members of the club arguing in good knowledge the technical aspects of this proposal, such as the professionalism of the operation and its degree of safety, or the existing level of US\$5 million of the existing liability, determined by professional insurance advisers. I would rather underline the consequences of such policy on beginners such as me.

Private flying in Hong Kong is already more expansive than in any country in most part of the world, I understand that an increase from 5 to 15 million of US\$ would increase our overall aircraft operation cost by about 20%.

Already, the Club is suffering in lost flying hours, and so hence income due to the closure of Kai Tak, this new blow might reduce even more the ability of the Club to find new members, and so endanger its very existence.

This of course will greatly affect the Club's "Youth Eagle Program" and other charity flying activities.

Hong Kong needs an Aviation Club, like any other country in the world, and not one reserved for privileged people, but one that offers a chance for all those who feel incline to become a pilot to try-out their wish.

In most countries over the world the pilots of the national airlines are national, this should also be true here in Hong Kong, and that's where it's start, at the Aviation Club.

I am sure that you realize the consequences of this new proposal, and we hope that you will support us in protecting the existence of private pilots and aviators-to-be in Hong Kong.

Yours Faithfully,

Cyrille Guillot

**Minimum Third Party Insurance Cover for any One Accident/Incident Occurrence (in million USD)**

Common aircraft type	Maximum Ramp Weight (kg) <sup>1</sup>	Austria	Canada	Denmark	Germany	Norway	Singapore <sup>2</sup>	Switzerland	USA	HKSAR
cessna 182P	1,340	4.79	0.69	9.58	4.21	0.30	0.05	2.03	2	25 <sup>3</sup>
cessna 650	10,274	23.93	1.84	25.06	22.45	1.47	0.32	8.44	2	60.00
737-500	52,615-60,780	71.80	15.60	25.06	56.14	3.07	1.12	33.76	20	200.00
320-200	73,900 - 77,400	71.80	17.07	25.06	56.14	3.07	1.18	33.76	20	200.00
747-400	364,235-398,255	71.80	90.00	50.12	56.14	8.02	4.03	50.64	20	1,000.00

Exchange Rate: (as at 15 May 1998)

USD 1	USD 1	USD 1	USD 1	USD 1	USD 1	USD 1	USD 1
=ATS 12.5349	=CAD 1.4506	=DKK 6.7843	=DM 1.7814	=NOK 7.4854	=Gold franc 11.22	=CHF 1.481	

Note 1 : Approximation only.

Note 2 : Applicable to Singapore registered aircraft only; no third party insurance requirements for foreign airlines flying into/out of Singapore. In Singapore, third party insurance levels are set in terms of gold franc.

Note 3 : The proposed new level is US\$15 million.