

**Bills Committee on
Employees Compensation Assistance (Amendment) Bill 2002**

LC Paper No. CB(2)2095/01-02(01)

**The Administration's Response to the
Submission from the Hong Kong Construction Association**

Introduction

This paper sets out the Administration's response to the letter of 22 May 2002 from the Hong Kong Construction Association (HKCA) addressed to the Bills Committee on the protection of principal contractors under the Employees Compensation Assistance Scheme in the event of insurer insolvency.

Protection of Principal Contractors

2. Under Clauses 7 and 8 of the Employees Compensation Assistance (Amendment) Bill 2002 (the Amendment Bill), it is proposed that sections 17 and 18 should be amended to make it clear that a principal contractor who has taken out a policy of insurance in accordance with section 40(1B) of the Employees' Compensation Ordinance shall also be eligible to make application for assistance from the Employees Compensation Assistance Fund Board (the Board). The HKCA has raised concern that the amendments would not have retrospective effect to enable principal contractors in the HIH insolvency to apply for assistance.

3. Upon the enactment and commencement of Clauses 7 and 8, principal contractors who fulfil the requirements of the Employees Compensation Assistance Ordinance shall be eligible to make an application under the relevant provisions of the Ordinance. In order to avoid any doubt, we shall move an amendment to the Amendment Bill to make it clear that the amendments to sections 17 and 18 in relation to principal contractors shall be applicable to all applications by principal contractors under sections 17 or 18 irrespective of whether a notice of insurer insolvency is issued by the Board before or after the commencement of the Amendment Bill.