

立法會
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Paper for the House Committee meeting on 10 October 2003
Report of the Panel on Administration of Justice and Legal Services
on the Hong Kong Law Society Professional Indemnity Scheme

Purpose

This paper reports on the progress of the review of the Hong Kong Law Society Professional Indemnity Scheme (the Scheme) being conducted by the Law Society of Hong Kong (Law Society).

Background

2. The Council of the Law Society is empowered to make rules concerning professional indemnity insurance for solicitors in Hong Kong under sections 73 and 73A of the Legal Practitioners Ordinance (Cap. 159) with the prior approval of the Chief Justice.
3. The Solicitors (Professional Indemnity) (Amendment) Rules 2001 (Amendment Rules) tabled in the Legislative Council (LegCo) on 11 July 2001 proposed, inter alia, to increase the contributions to the Hong Kong Solicitors Indemnity Fund. Under the proposed new formula, the contributions would increase by 150%. The Amendment Rules came into operation on 1 October 2001.
4. At the House Committee meeting on 5 October 2001, Members agreed to form a Subcommittee to scrutinize the Amendment Rules. In response to the request of the Subcommittee, the Law Society agreed to conduct an independent review of the insurance arrangements under the Scheme. The purpose of the review was to consider whether at the end of the five-year reinsurance contract (expiring on 30 September 2005) the Law Society should maintain the existing mutual scheme with or without amendment, or to demutualise the Scheme and put into effect such other options as might be proposed as a result of the review. The Law Society had undertaken to report to LegCo on the progress of the review on or before 30 September 2003.
5. In its report to the House Committee on 26 October 2001, the Subcommittee recommended that the Amendment Rules be supported. The Subcommittee also recommended that the Panel on Administration of Justice and Legal Services (AJLS Panel) should follow up the progress of the review. Upon receipt of the report from

the Law Society, the AJLS Panel should report to the House Committee which would then decide whether the report should be referred to a Panel or a subcommittee for further action. Hon Margaret NG, Chairman of the Subcommittee, addressed the Council on the Amendment Rules at its meeting on 31 October 2001.

Latest development

6. On 3 June 2003, the Law Society advised the AJLS Panel in writing that the consultants engaged by the Law Society to conduct the review had to defer the visit to Hong Kong because the World Health Organization travel advisory was in force as a result of the outbreak of the Severe Acute Respiratory Syndrome. While the review was proceeding, the report of the Law Society to LegCo would unlikely be available before end of October 2003.

Advice sought

7. Members are invited to note this paper for information. The AJLS Panel shall make a further report to the House Committee after the report from the Law Society has been received.

Council Business Division 2
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