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Hon Howard Young, SBS, JP
Committee Chairman of the UEM Bill
C/o Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

Dear Hon Young,

Re : Unsolicited Electronic Message Bill

We, CIGNA Worldwide Life Insurance Company Limited and CIGNA Worldwide General Insurance Company Limited, are pleased to provide comments on Unsolicited Electronic Message ("UEM") Bill introduced into the Legislative Council on 12 July 2006 (the "Bill"). We understand that the Bill is being discussed in the Bills Committee of the Legislative Council.

In general, we agree that there is a need to strike a balance between respecting the right of a recipient to refuse UEMs and allowing electronic marketing to develop in Hong Kong as a legitimate promotion channel. In particular, we support that the Bill should not be applicable to person-to-person ("PTP") calls given that they are far less intrusive than machine generated messages.

As a member of the Hong Kong Call Centre Association (the "Association"), we fully support the view of the Association in its "Submission in Response to the UEM Bill" dated November 30, 2006 (the "Submission'). We would like to share with you the same as attached and would like to highlight the following:

a) *Substantial Financial Impact*
In point 2.1.1 of the Submission, it is deduced that there are approximately 33,000 people in Hong Kong generating primary income from PTP telemarketing and the economic benefit generated by PTP telemarketing would be at least HK$7.2 billion per annum. For our companies, we have about 150 telemarketers making more than 4,200 outbound calls a day and the revenue generated from PTP telemarketing contributes to 60-70% of our total revenue. We do concur with the Association that PTP telemarketing has a very significant financial impact in Hong Kong.

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b) *Call Line Identification*

In point 2.1.2 of the Submission, it is anticipated that Call Line Identification ("CLI") required under Section 12 of the Bill, if being applied to PTP calls, will lead to reduced consumer response rates to offers being made through PTP calls and inevitably increase the cost of doing business. Take our companies as an example, we project to increase the staff force of our telemarketing team in 2007 by 66%. If the CLI requirement is applied to PTP calls, with anticipated reduced response rate, we shall consider revising our projection and even down sizing the existing telemarketing team (to shrift to other marketing channels). We do share the view that CLI will be detrimental to the economy by increasing the number of unemployed.

In addition, telemarketing calls usually are from trunk lines, which do not support the display of CLI. Additional costs will need to be incurred which will in turn be borne by customers.

Further, we do recognize that there are certain operational and technical difficulties in executing CLI as discussed in the Submission, specifically points 2.1.5 to 2.1.11.

c) *Unintentional Contravention*

Referring to point 2.1.4 of the Submission, we do agree that PTP calls would be possible to contravene the Bill unintentionally. In the market, existing customers usually give consent to their service providers to call for marketing purposes or otherwise. We, being insurers and like other service providers, would, with customers' consent, make PTP calls to existing customers for offering value-added services from time to time, such as interpreting insurance policies, offering loyalty bonus, retention programs or other suitable products and services, etc. Although these calls some times may involve marketing, they are in fact service calls providing useful information and serving existing customers at their best interests. Since service calls and marketing calls are difficult to be distinguished, there is a great likelihood that PTP calls will contravene the Bill intentionally.

Further, if PTP service calls are required to have CLI, it may confuse existing customers and cause them to miss certain information useful and valuable to them. This is definitely against the best interests of the public.

d) *Personal Data Privacy*

Concerning point 2.1.8 of the Submission on personal data privacy, we would like to add that any additional regulation imposed on the financial sector for service and/or marketing calls will be a duplication of effort and is unnecessary. Hong Kong is a sophisticated international financial market. The financial sector, including banking, insurance and security trading, is heavily regulated by statutory authorities and is at all times required to comply with all relevant

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supervisory requirements and guidelines, including provision of personal data protection, opt-out option and enquiry hotlines, etc. The extent to which the financial sector may cause nuisance to the public by abusing the telecommunications networks is much more limited than non-regulated sectors.

To sum up, inclusion of PTP calls to the application of the Bill will contravene everything that Hong Kong stands for in terms of the freest economy in the world. Accordingly, for the interest of our own sectors and the entire Hong Kong economy, we sincerely urge you to represent the sectors in the Legislative Council against the proposal of including PTP calls to the application of the Bill.

Yours sincerely,

William Cotter
Chief Executive Officer

Encl.

cc. Ms Anita Sit, Legislative Council Secretariat (asit@legco.gov.hk)
Mr Tony Li, Communications and Technology Branch, Commerce, Industry and Technology Bureau (tyyli@citb.gov.hk)