

立法會
Legislative Council

LC Paper No. LS46/05-06

**Paper for the House Committee Meeting
on 17 March 2006**

**Legal Service Division Report on
Proposed Resolution under Section 23 of the
Hong Kong Export Credit Insurance Corporation Ordinance (Cap. 1115)**

The Secretary for Commerce, Industry and Technology has given notice to move a motion at the Council meeting of 29 March 2006. The motion seeks the Legislative Council's approval to increase the maximum contingent liability at any time of the Hong Kong Export Credit Insurance Corporation ("the Corporation") under contracts of insurance from \$12,500 million to \$15,000 million.

2. The Corporation was established under the Hong Kong Export Credit Insurance Corporation Ordinance (Cap. 1115) ("the Ordinance") to encourage and support export trade through the provision of insurance protection for Hong Kong exporters of goods and services against non-payment risks arising from commercial and political events.

3. The maximum contingent liability of the Corporation of \$12,500 million has been in force since March 2002. Under section 23 of the Ordinance, any change to this maximum limit is to be determined by the Legislative Council by resolution.

4. Under section 18 of the Ordinance, the Government shall guarantee the payment of all moneys due by the Corporation.

5. According to the draft speech by the Secretary for Commerce, Industry and Technology, as at 31 December 2005, the Corporation's contingent liability amounted to \$11,712 million, or 93.7% of the maximum liability permitted. The Corporation has therefore proposed to raise the cap on its contingency liability to \$15,000 million, in order to cater for its business growth in the next few years and to ensure that it continues to promote export trade effectively.

6. The maximum liability is a theoretical contingent amount which is most unlikely to be at risk in totality at any one time. According to the Administration, the actual amount of gross claims incurred in 2004-05 amounted to \$33.89 million.

7. The proposal to raise the cap on the contingent liability of the Corporation has not been discussed at the Panel on Commerce and Industry. A note on the subject provided by the Administration for the Finance Committee has been issued to Members vide FCRI(2005-06)16 on 13 February 2006.

8. No difficulties relating to the legal and drafting aspects of the proposed resolution has been identified.

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