

**立法會**  
***Legislative Council***

LC Paper No. LS12/12-13

**Paper for the House Committee Meeting  
on 7 December 2012**

**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 and Economic Development has given notice to move a motion at the Legislative Council meeting of 19 December 2012 to seek the Council's approval to increase the maximum contingent liability permitted to be incurred by the Hong Kong Export Credit Insurance Corporation (the Corporation) under contracts of insurance at any time from \$30,000 million to \$40,000 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 by providing Hong Kong exporters with insurance protection against non-payment risks arising from commercial and political events. Under section 18 of the Ordinance, the Government shall guarantee the payment of all moneys due by the Corporation. The Corporation is required to operate in accordance with the Ordinance, such as pursuing a policy directed towards securing revenue sufficient to meet all its expenditure properly chargeable to its revenue account.

3. The current maximum contingent liability of the Corporation under contracts of insurance permitted at any time is \$30,000 million, which has been in force since February 2009. Section 23 of the Ordinance provides that any change to this maximum limit is to be determined by the Legislative Council by resolution.

4. According to the Administration, as at 30 November 2012, the contingent liability of the Corporation stood at about \$29,000 million, or 96.8% of the maximum liability permitted. The Administration considers that, with the continuing uncertain global economic environment, the Corporation should have sufficient underwriting capacity so that it could continue to provide export credit insurance covers to Hong Kong exporters. The Administration therefore proposes to raise the Corporation's maximum contingent liability permitted from \$30,000 million to \$40,000 million.

5. According to the Administration, if the Legislative Council approves the proposed increase, the Administration will publish a notice in the Gazette on 21 December 2012 to effect the increase of the Corporation's maximum contingent liability permitted to \$40,000 million on the same day.

6. As advised by the Clerk to the Panel on Commerce and Industry, the Panel was consulted on 29 October 2012 on the Administration's proposal to raise the maximum contingent liability permitted to be incurred by the Corporation from \$30,000 million to \$40,000 million. The Panel supported in principle the Administration's proposal to strengthen the Corporation's underwriting capacity. Subsequently, the Administration issued an information note (FCRI(2012-13)10) to the Finance Committee about the proposal on 26 November 2012 under cover of LC Paper No. FC59/12-13.

7. No difficulties have been identified in the legal and drafting aspects of the proposed resolution.

Prepared by

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