

立法會
Legislative Council

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Panel on Transport and Panel on Financial Affairs

**Joint Subcommittee on Issues Relating to
Insurance Coverage for the Transport Sector**

**Minutes of the second meeting held on
Wednesday, 7 April 2021, at 10:45 am
in Conference Room 2A of the Legislative Council Complex**

Members present : Hon Frankie YICK Chi-ming, SBS, JP (Chairman)
Hon CHAN Kin-por, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon YIU Si-wing, BBS
Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Member attending : Hon CHAN Han-pan, BBS, JP

Public Officers attending : Agenda item I

Ms Amy WONG, JP
Deputy Secretary for Transport and Housing (Transport)2

Miss Joyce KOK
Principal Assistant Secretary for Transport and Housing
(Transport)12

Ms Noel TSANG
Principal Assistant Secretary for Financial Services and
the Treasury (Financial Services) Insurance and
Retirement Scheme

Mr Andrew NGAN
Assistant Secretary for Financial Services and the
Treasury (Financial Services)(Insurance and Retirement
Scheme)2

Mr Patrick WONG
Assistant Commissioner for Transport (Management and
Paratransit)

Ms Louisa FUNG
Principal Transport Officer/Ferry and Paratransit
Transport Department

**Related
organizations**

: Agenda item I

Insurance Authority

Mr Simon LAM
Executive Director (General Business)

Ms Regina LEUNG
Senior Manager (General Business)

The Hong Kong Federation of Insurers

Ms Fanny FUNG
Deputy Chairman
Accident Insurance Association

Ms Selina LAU
Chief Executive

Ms Joyce LAU
Councillor
General Insurance Council

Ms Shirley LAM
Senior Manager

Ms Susanna LI
Manager - Communications and Committee

Clerk in attendance : Ms Shirley CHAN
Chief Council Secretary (4)5

Staff in attendance : Ms Shirley TAM
Senior Council Secretary (4)5

Ms Carol WONG
Council Secretary (4)5

Ms Zoe TONG
Legislative Assistant (4)5

Action

I. Meeting arrangements and items for discussion

[LC Paper Nos. CB(4)680/20-21(01) and (02), CB(4)706/20-21(01), CB(4)493/20-21(01) and ISSH16/20-21]

Declaration of interests

Mr CHAN Kin-por declared that he was the Chief Executive of the Well Link Insurance Group Holdings Limited.

Discussion

2. The Joint Subcommittee deliberated (index of proceedings attached at **Annex**).

Follow-up actions

3. The Administration and the Insurance Authority were requested to consider the following suggestions to help reduce the insurance premiums for the transport sector –

- (a) the Insurance Authority taking over the management of the Insurance Fraud Prevention Claims Database from the Hong Kong Federation of Insurers to further develop the database;
- (b) implementing the driver responsibility system on hire taxis and public light buses by referring to the insurance liability arrangement of the car rental industry in which rental drivers were also required to procure third party insurance and held responsible for their negligent driving behaviours;
- (c) exploring with insurance companies to provide concessionary insurance discount for taxis and public light buses which had installed with recognized collision avoidance devices and made use of cloud platforms for data storage with an aim to prevent traffic accidents; and
- (d) exploring with the Motor Insurers' Bureau the feasibility to suspend the levy payment or reduce the levy rates on the premiums of motor insurance policies having regard to a surplus of the Insolvency Fund.

Action

(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(4)892/20-21(01) on 30 April 2021.)

II. Any other business

Invitation of views

4. The Joint Subcommittee agreed to invite written views on problems encountered by the transport sector in procuring insurance.

(Post-meeting note: A relevant notice was posted on the Legislative Council website on 8 April 2021.)

5. The Chairman advised that the next meeting of the Joint Subcommittee would be held on Tuesday, 4 May 2021 at 4:30 pm to discuss measures to eradicate insurance frauds and champerty relating to the transport sector.

6. There being no other business, the meeting ended at 12:11 pm.

Council Business Division 4
Legislative Council Secretariat
15 June 2021

Panel on Transport and Panel on Financial Affairs

**Proceedings of the second meeting of the Joint Subcommittee
on Issues Relating to Insurance Coverage for the Transport Sector
on Wednesday, 7 April 2021, at 10:45 am
in Conference Room 2A of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
Agenda item I – Meeting with the Administration			
000358 – 000559	Chairman	Opening remarks	
000600 – 001152	Chairman Transport and Housing Bureau ("THB")	Briefing by THB [LC Paper No. CB(4)680/20-21(02)]	
001153 – 001918	Chairman The Hong Kong Federation of Insurers ("HKFI")	Briefing by HKFI [LC Paper No. CB(4)706/20-21(01)]	
001919 – 002910	Chairman Mr YIU Si-wing THB	<p>To ensure road safety and enhance taxi service quality, Mr YIU Si-wing considered that the Administration should address the problem that taxi owners were suffering from high insurance premiums owing to some taxi drivers' bad driving behaviours. He suggested that -</p> <p>(a) taxi drivers should take out a partial of motor insurance covering his own driving responsibility;</p> <p>(b) dash cameras could be installed on taxis to monitor the driver's behaviour with due regard to the privacy concern of passengers;</p> <p>(c) a database on traffic accidents and claims should be set up to help taxi owners identify drivers with bad driving records and improve road safety; and</p> <p>(d) having regard to a large asset balance of the Insolvency Fund amounting to \$2.8 billion administered by the Motor Insurers' Bureau ("MIB"), the collection of relevant levy could be temporarily suspended.</p> <p>THB responded that –</p> <p>(a) requiring all taxi drivers, including those who might only provide services as part-time or replacement drivers, to procure third party insurance might affect the flexibility of taxi operation and discourage newcomers from joining the taxi industry;</p>	<p>Paragraph 3(b) of the minutes</p> <p>Paragraph 3(d) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>(b) while all vehicle owners in Hong Kong were subject to the third party insurance requirement under the Motor Vehicles Insurance (Third Party Risks) Ordinance (Cap. 272), whether to require only drivers of taxis to take out third party insurance on their own and the feasibility to share the responsibility of the third party insurance between taxi owners and drivers should be carefully considered; and</p> <p>(c) currently, quite a number of taxis had already installed dash cameras to record traffic conditions, which might help clarify the related liability issues in case of a traffic accident, and in turn help reduce the insurance premiums.</p> <p>The Chairman said that taxi owners were bearing a heavy burden of soaring insurance premiums which had caused business difficulties to the taxi trade. He called on the Administration to consider the suggestion of requiring taxi drivers to procure third party insurance, and the insurance sector to consider developing suitable products with different duration to cater for taxi drivers' needs.</p>	
002911 – 003408	Chairman Mrs Regina IP THB HKFI	<p>Mrs Regina IP enquired whether the taxi trade would support the above suggestions, i.e. requiring taxi drivers to procure third party insurance, establishing a database on traffic accidents and claims, and installing dash cameras on taxis, having regard to the impact on their operating costs and privacy concerns.</p> <p>THB said that whether the taxi trade would support the establishment of a relevant database depended on the information to be collected. In any case, to make such database useful to identify drivers with bad driving records, it was of utmost importance for taxi owners to provide the names of drivers to the insurance companies when they procured insurance for their vehicles. TD added that depending on the cost impact on taxi drivers and owners, they might have different views on the suggestion of requiring taxi drivers to take out third party insurance. TD would consult the taxi trade further on this suggestion.</p> <p>In response to Mrs Regina IP's further enquiry, HKFI advised that while vehicles arranged through the Uber's platform were normally underwritten for private use, using these vehicles to carry passengers for pay would violate the insurance terms. In case of accidents involving these vehicles, while passengers would be protected under the First Fund administered by MIB, relevant drivers would be claimed for responsibility by the insurance companies.</p>	

Time marker	Speaker	Subject(s)	Action required
003409 – 005452	<p>Chairman Mr CHAN Han-pan THB Transport Department ("TD") Insurance Authority ("IA") HKFI</p>	<p>Mr CHAN Han-pan was concerned about –</p> <ul style="list-style-type: none"> (a) the surge of insurance premiums for taxis while the number of traffic accidents involving taxis remained relatively steady in the past few years; (b) the source of data showing the repeated loss of the taxi insurance business in 11 years during the last 16-year period; and (c) the sustainability of the taxi insurance business and measures in place to ensure the availability of insurance companies willing to underwrite the taxi insurance in future. <p>HKFI explained that there was a long-standing underwriting loss in the taxi insurance business and such loss expanded drastically in 2019, making relevant insurance companies to increase the premiums to a large extent so as to recoup the loss suffered. Meanwhile, IA was also concerned about the sustainability of the insurance market. Insurance companies would strive to adopt a suitable premium rate for each insurance product to ensure that each product would achieve breakeven, instead of subsidizing the loss-making product by the profit-making one. It was noted that the taxi insurance business still made a loss in 2020.</p> <p>THB added that the Administration had been encouraging good driving behaviour through publicity, education and enforcement efforts, with a view to reducing traffic accidents, insurance claims as well as insurance cost. The Administration also noted that measures such as encouraging taxi owners to hire drivers with good driving records and installing dash cameras might reduce traffic accidents and claims amount at source, which might in turn help to reduce the insurance premiums.</p> <p>IA advised that market statistics were compiled based on data submitted by insurance companies under the Insurance Ordinance (Cap. 41). Such data were subject to annual audit by independent auditors. As for the sustained losses reported in taxi insurance business, it was mainly due to increase in claims cost, which might have resulted from bad driving behaviour of some drivers as well as cases of champerty that should be addressed at root from a risk management perspective.</p> <p>The Chairman said that according to his understanding, the insurance premiums had been increasing significantly in recent years, with 30% rise in the first quarter of 2019, 60% in the third quarter of 2019 and 15% in November</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>2020 while the accident rate remained constant. This situation would increase the cost burden on taxi owners and constitute pressure on taxi rental. With the slow taxi fare adjustment mechanism, taxi drivers might be less willing to stay in the business and ultimately affect the provision of taxi service to the public.</p>	
<p>005453 – 012154</p>	<p>Chairman Mr CHAN Kin-por HKFI IA THB FSTB</p>	<p>Mr CHAN Kin-por suggested that –</p> <ul style="list-style-type: none"> (a) HKFI assist the taxi trade in developing a database on traffic accidents and claims based on the established Insurance Fraud Prevention Claims Database ("the Database"). The Database had been in use for a while and it is compliant with the Personal Data (Privacy) Ordinance (Cap. 486); (b) the transport sector discuss with insurance companies for concessionary insurance discount for taxis and public light buses which had installed recognized collision avoidance devices; and (c) IA explore with MIB the feasibility to suspend the levy payment or reduce the levy rates on the premiums of motor insurance policies having regard to a large asset balance of the Insolvency Fund at some \$2.8 billion. <p>HKFI advised that the Database was established in 2018 and its motor insurance-related category was only joined by a dozen or so relevant insurance companies. Mr CHAN Kin-por suggested IA taking over the management of the Database from HKFI so as to enable its application across the insurance sector and ensure data efficacy. Meanwhile, HKFI also agreed to explore the usage of relevant data in compliance with the Personal Data (Privacy) Ordinance (Cap. 486).</p> <p>The Chairman and Mr CHAN Kin-por called on IA to consider HKFI's suggestion on the promotion of the Database among insurers with regard to the practice in the United Kingdom and Singapore.</p> <p>IA said that while the database for taxi trade would need time to develop, to address the issue in the short term, taxi owners might provide the Certificate of No Recorded Traffic Conviction Records ("Certificate") of relevant drivers issued by the Central Traffic Prosecutions Division of the Hong Kong Police when taking out motor insurance. This would facilitate insurance companies to differentiate the underlying risk. Mr CHAN Kin-por considered the provision of such information on a voluntary basis by taxi owners to insurance companies would be the quickest way to achieve the purpose.</p>	<p>Paragraph 3(c) of the minutes</p> <p>Paragraph 3(d) of the minutes</p> <p>Paragraph 3(a) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>The Chairman advised that when taking out motor insurance, taxi owners were unable to provide information on drivers engaged by them as such information might not be known to the owners. Alternatively, taxi owners might consider requiring drivers to present such Certificate before entering into contracts with them. He would recommend the taxi trade to adopt this arrangement for screening drivers.</p> <p>On the proposed suspension or reduction of levy under the Insolvency Fund, FSTB advised that MIB was a company established by the insurance industry, and whether to change the current levy rate was subject to MIB's decision. Factors to be considered included the sustainability of the fund which served as a safety net to victims of accidents who had been unable to recover the damages against the relevant owners/drivers and whether the proposed arrangement would apply only to taxis or all kinds of vehicles. IA added that it would liaise with MIB regarding this suggestion.</p>	
012155 – 012927	Chairman HKFI Mr CHAN Kin-por	<p>The Chairman considered the presence of a handful of drivers with bad driving behaviours had brought harm to the whole taxi trade. He suggested implementing the driver responsibility system on hire taxis and public light buses by referring to the insurance liability arrangement of the car rental industry in which rental drivers were also held responsible for their negligent driving behaviours. Hence, the drivers with good driving records would not suffer from high premiums due to other people's behaviours. The Chairman also supported installing collision avoidance devices recognized by the insurance sector on taxis and public light buses and made use of cloud platforms to store the footage to prevent traffic accidents.</p> <p>HKFI advised that some insurers were currently exploring the use of cloud platforms to store the footage collected from relevant devices so as to improve the risk management.</p> <p>Declaration of interests</p>	Paragraph 3(b) of the minutes Paragraph 3(c) of the minutes
Agenda item II – Any other business			
012928 – 013042	Chairman Mr CHAN Kin-por	<p>Invitation of views</p> <p>Date of next meeting</p>	