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LC Paper No. CB(4)892/20-21(01)

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本函檔號 OUR REF.: INS/1/5C

來函檔號 YOUR REF.: CB4/PS/2/20

(By email)

30 April 2021

Ms Shirley Chan  
Clerk to Joint Subcommittee on Issues Relating  
to Insurance Coverage for the Transport Sector  
Legislative Council Secretariat  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong

Dear Ms Chan,

**Panel on Transport and Panel on Financial Affairs**

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

**Follow-up to the meeting on 7 April 2021**

Thank you for your letter dated 7 April 2021.

2. Having consulted the Transport and Housing Bureau and Insurance Authority, the Government's response to the follow-up action arising from the meeting on 7 April 2021 as set out in your letter is at **Annex**.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Noel'.

( Ms Noel TSANG )

for Secretary for Financial Services and the Treasury

c.c.

Transport and Housing Bureau (Attn: Ms Joyce Kwok)  
Insurance Authority (Attn: Mr Simon Lam)

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

**Follow-up to the meeting on 7 April 2021**

	<b>Follow-up action (Suggestion)</b>	<b>Government's response</b>
(a)	the Insurance Authority ("IA") taking over the management of the Insurance Fraud Prevention Claims Database ("IFPCD") from the Hong Kong Federation of Insurers ("HKFI") to further develop the database	<p>The IA understand from the HKFI that the main function of the IFPCD, which was developed by the HKFI in 2018, is to detect possible cases on claims fraud through artificial intelligence and data analysis. As this system is a database on fraud cases on claims, it cannot replace the database on the taxi drivers' driving and claims records as sought by the taxi industry.</p> <p>The IA is ready to work with the HKFI to step up promotion efforts, with a view to increasing participation rate and data flow as well as enhancing the effectiveness of the system.</p>
(b)	implementing the driver responsibility system on hired 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	Some suggest that with reference to the practice of car rental companies, a driver responsibility system should be implemented to require taxi and public light bus drivers to procure third party insurance on their own to insure themselves against the liability incurred

<b>Follow-up action (Suggestion)</b>	<b>Government's response</b>
<p>procure third party insurance and held responsible for their negligent driving behaviours</p>	<p>by accidents during driving, while the car owners only have to procure insurance related to vehicle performance.</p> <p>According to the Motor Vehicles Insurance (Third Party Risks) Ordinance (Cap. 272), any person to use, or to cause or permit any other person to use, a motor vehicle on a road must have in force in relation to the use of the vehicle by that person or that other person, as the case may be, such a policy of insurance or such a security in respect of third party risks as complies with the requirements of that Ordinance. In addition, regulation 21 of Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E) stipulates that a registered owner who applies for licensing of a vehicle (including renewal of vehicle licence) must deliver to the Transport Department ("TD") a policy of insurance in respect of the vehicle in the name of the registered owner which is valid on the date when the licence is to become operative. The existing regulations aim to ensure that there is a valid third party insurance to protect third parties when the vehicle is used on roads.</p> <p>According to our understanding, car rental companies in Hong Kong will procure third party insurance in</p>

	<b>Follow-up action (Suggestion)</b>	<b>Government's response</b>
		<p>respect of their rental cars. The car rental rates already cover third party insurance and the rentees are not required to procure one by themselves. In general, car rental companies will collect a deposit (commonly known as “deductible”) from the rentees before renting out the car. The deductible will be used to pay for the maximum liability to be borne by the rentees in case of accident. If there is no accident, the deposit will be returned to the rentees after the rental period. Some of the car rental companies allow the rentees to opt for an additional charge to reduce the maximum liability to be borne by the rentees in case of accident during driving.</p> <p>We understand that similar practice has been adopted by the taxi trade. In general, taxi car owners/dealers will collect a deposit from taxi drivers in renting out the taxis. Such deposit will be forfeited if there is a traffic accident involving the drivers' fault. If there is no accident, the deposit will be returned to the rentee-driver after the rental period. We believe that such arrangement can provide certain incentive for taxi drivers to pay attention to driving safety with a view to reducing the accident rate.</p>

	<b>Follow-up action (Suggestion)</b>	<b>Government's response</b>
		<p>The suggestion of requiring taxi and public light bus drivers to procure third party insurance on their own will bring significant impact and changes to the relevant industries and involve complicated issues including the impact on manpower of the trade (including part-time and replacement drivers), insurance premium levels as well as impact on the procedures, time and cost involved in processing the insurance claims. The Government must carefully consider and cautiously balance the views of various stakeholders when exploring the feasibility of the suggestion. In addition, as seen from the written submissions submitted by various taxi associations to the Subcommittee, there are diverse views on the suggestion among the taxi trade. The Government must carefully balance the views of various stakeholders within the trade.</p>
(c)	<p>exploring with insurance companies to provide a higher concessionary insurance discount for taxis and public light buses which had installed with recognized devices and made use of cloud platforms to prevent traffic accidents</p>	<p>According to the IA's understanding, recording devices for vehicles can promote a good driving attitude. Currently, there is no compulsory requirements on the installation of such devices on taxis, and some insurance companies have chosen to specify in policy terms that deductibles would be reduced if the claimant can provide video record of the accident concerned.</p>

	<b>Follow-up action (Suggestion)</b>	<b>Government's response</b>
		<p>Meanwhile, the IA also understands that, noting the significant improvement in underwriting performance after the installation of speed limiters on public light buses as mandated by the Government, the insurance industry is supportive of the wide adaptation of various applicable equipment or technology to enhance road safety and prevent insurance fraud.</p>
(d)	<p>exploring with the Motor Insurers' Bureau ("MIB") 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</p>	<p>Having discussed with the IA, the MIB has undertaken to make reference to the independent views provided by actuaries and consider whether there is scope to alter the levy arrangements while maintaining the sustainability of the funds. The MIB expects to complete its consideration within 2021.</p>