

保險業監理處

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覆函請註明本處檔號

In reply please quote this ref. INS/TEC/6/10/16

2 September 2005

來函檔號 Your ref.

電話 Tel. 2867 2546

To: Chief Executives of Insurers authorized to carry on
Direct Employees' Compensation Insurance Business

Dear Sirs,

Employees' Compensation Residual Scheme

As you are aware, the insuring public and the Legislative Council are concerned over the unavailability of employees' compensation ("EC") insurance, particularly to those higher risk employment sectors, after the 911 events in the US and the outbreak of SARS in Hong Kong. The Labour Department ("LD"), which is responsible for the compulsory EC insurance system, was urged to set up a central EC scheme to address the problems. The insurance industry, as represented by Hong Kong Federation of Insurers ("HKFI"), believes that the establishment of the EC Residual Scheme ("Residual Scheme") is a better alternative to address the concern.

As the Residual Scheme works to ensure the provision of EC insurance to those higher risk employment sectors and maintain the integrity of the existing compulsory and private market EC insurance system, we are supportive of this initiative by the insurance industry. The Legislative Council and LD have also agreed to give the proposal a test-run. It is therefore important that we work together to ensure the successful establishment of the Residual Scheme, which will help to resist pressure for a central scheme.

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For the Residual Scheme to be a success, it is important, among others, that there should be a transparent system for setting the relevant premium rates. In this regard, HKFI has appointed an actuarial consultant, S. Yu & Partners Limited (“Consultant”), to work out the benchmark EC premium rates for the higher risk occupational groups as identified by HKFI. Such actuarial analysis will be based on primarily the past experience of insurers underwriting the relevant occupational groups. To enable the Consultant to carry out the said actuarial analysis effectively, your input of the requisite data is essential. A data return is designed by the Consultant for this purpose and a briefing on its completion was given to all EC insurers on last Wednesday, 24 August 2005.

As requested by HKFI, we have agreed to collect on its behalf the relevant data for this exercise. We therefore write to seek your cooperation in providing the necessary data as set out in the return (in Microsoft Excel format) contained in the attached CD. The data collected will be forwarded to the HKFI for use by the Consultant solely for the purposes of the actuarial analysis as above mentioned.

Please input the relevant information onto the CD and return it to us together with the duly signed [declaration form](#) (as attached) on or before 30 September 2005.

For general enquiries regarding the above, please contact Ms Pauline Woo of this office at 2867 2561. For enquiries in connection with the completion of the data return, please contact Mr. Kenneth Law of S. Yu & Partners Ltd direct at 2590 9660.

Yours faithfully,

(Richard Yuen)
Commissioner of Insurance
(Insurance Authority)

Encls.

c.c. Hong Kong Federation of Insurers }
S. Yu & Partners Limited } w/o enclosure