



THE
LAW SOCIETY
OF HONG KONG

香 港 律 師 會

3/F WING ON HOUSE · 71 DES VOEUX ROAD
CENTRAL · HONG KONG DX-009100 Central 1
香港中環德輔道中71號
永安集團大廈3字樓

TELEPHONE (電話) : (852) 2846 0500
FACSIMILE (傳真) : (852) 2845 0387
E-MAIL (電子郵件) : sg@hklawsoc.org.hk
HOME PAGE (網頁) : <http://www.hklawsoc.org.hk>

To: All newspapers/radio & TV news department

Press Release

31 March 2003

(for immediate release)

PROFESSIONAL INDEMNITY SCHEME – SHORTFALL CONTRIBUTIONS

The Solicitors Indemnity Fund (“the Fund”) was set up by the Law Society to provide indemnity to solicitors in Hong Kong against any claims in respect of civil liability incurred in connection with their practice. HIH Casualty and General Insurance Ltd., FAI General Insurance Company Ltd. and FAI First Pacific Insurance Co. Ltd. were the Fund’s reinsurers from 1987 to 2001. The first 2 companies became insolvent in March 2001 and the last one, in April 2001. The majority of the reinsurance was taken out with the first 2 companies. It is as yet uncertain whether there will be a payment of dividend from these 2 companies and when such may be made. Since the insolvency of these reinsurers, the Fund has been using its reserves to meet claim payments which should have been borne by them. As a result, a deficit of about HK\$132.8m has occurred in the Fund for the current indemnity year.

It should be appreciated that the Fund was set up for the protection of the profession and consumers of its legal services. Without an injection of funds, it will not be able to meet claims.

Accordingly, the Council has resolved to authorize Hong Kong Solicitors Indemnity Fund Ltd. (“the Company”), the company set up to administer the Fund, to demand Practices to pay further contributions, called “shortfall contributions” to make up this deficit. However, the Council realizes members may experience financial difficulties in the current economic climate. Accordingly 2 demands will be made, the first for 75% of the deficit, to be payable on or before 30 April 2003, and the second for any balance uncollected, to be payable on or before 31 July 2003. Pursuant to paragraph 2(5)(a) of Schedule 1 to the Solicitors (Professional Indemnity) Rules, the Company has today issued demand notes to Practices requiring them to pay the first of the 2 demands. The Law Society cannot confirm whether further demands will be made in the future. So long as the Fund accounts produce a deficit, the Council is empowered to authorize further demands.



THE

LAW SOCIETY
OF HONG KONG

香港律師會

3/F WING ON HOUSE · 71 DES VOEUX ROAD
CENTRAL · HONG KONG DX-009100 Central 1
香港中環德輔道中71號
永安集團大廈3字樓

TELEPHONE (電話) : (852) 2846 0500
FACSIMILE (傳真) : (852) 2845 0387
E-MAIL (電子郵件) : sg@hklawsoc.org.hk
HOME PAGE (網頁) : <http://www.hklawsoc.org.hk>

The Law Society is arranging credit facilities with various banks to assist members in meeting the payments and details of those facilities when available will be published in the Law Society Circular.

Enquiries: Winnie Lo
Tel Number: 2846 0526

The Law Society of Hong Kong

67091