



THE  
**LAW SOCIETY**  
OF HONG KONG

香 港 律 師 會

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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.



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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.

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The Law Society of Hong Kong

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致：各報章 / 電台 / 電視台

二零零三年三月三十一日

## 新聞稿

專業彌償基金(「基金」)由香港律師會成立。基金就律師的疏忽作出彌償。HIH Casualty and General Insurance Ltd., FAI General Insurance Company Ltd. 及 FAI First Pacific Insurance Co. Ltd. 自一九八七年至二零零一年擔任基金再保計劃的承保人。首兩間公司於二零零一年三月被頒臨時清盤令，最終在二零零一年八月清盤。第三間公司亦於二零零一年四月被頒臨時清盤令。基金大部份的再保計劃由首兩間公司承保。至目前仍未知這兩間公司是否會在債務償還安排中有結餘額支付債款或在何時支付債款。這些公司清盤後，由於基金一直利用儲備代支賠償，基金今個投保年度已出現大概一億三千二百八十萬元赤字。

基金的成立是為保障會員及法律服務消費者之利益。若基金缺乏資金，則不能支付彌償。

有鑒於此，理事會決議授權管理基金的香港律師彌償基金有限公司(「公司」)向律師行徵收額外保費，即「差額保費」，去彌保基金的赤字。但理事會明白到會員目前正可能面對經濟困難，故差額保費將會分兩次徵收，第一次徵收基金赤字的百分之七十五，在二零零三年四月三十日或之前繳交；第二次則徵收剩餘的基金赤字，在二零零三年七月三十一日或之前繳交。根據律師(專業彌償)規則，附表1第2段第(5)(a)節，公司已於今日發出單據，向律師行徵收第一個差額保費。律師會未能確定日後會否再徵收差額保費。在基金帳目出現赤字的情況下，理事會有權決議批准徵收額外保費。

律師會正與各銀行安排信貸，以協助會員付款。詳情請閱律師會會員通告。

理事會  
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