

QIS UPDATE

In July 2005 the Council appointed a QIS Working Party.

A matter of great concern to members is the cost of insurance if a QIS were to be implemented.

At the request of the Law Society Aon HK Limited (“Aon”) and three intending insurers will conduct an exercise to give members some indication of the premiums that are likely to be charged if a QIS were to be implemented now or in the near future.

The exercise in which the three insurers have kindly agreed to participate will involve fifty member firms on an anonymous basis.

Fifty firms in the following categories will be required :-

	<u>Number of solicitors</u>	<u>Number of firms in exercise</u>
	1	10
	2-5	20
	6-10	10
	11-20	10
Total	<hr/> 50	<hr/> 50

To ensure that the firms selected are representative of the spectrum of work undertaken by member firms in Hong Kong, firms with different work splits (e.g. 100% conveyancing, 50% conveyancing/50% litigation, etc.) and claims histories will be chosen.

To enable the participating insurers to conduct the necessary underwriting exercise and calculate the indicative premium, each firm will be asked to complete a proposal form setting out requisite information for underwriting purposes such as number of partners/solicitors, work splits, fee income and claims history. All information provided will be kept confidential except the results and relevant data from the exercise which will be published for the information of members on an anonymous basis.

At the conclusion of the exercise, there will be three indicative premium quotes for each of the fifty firms. These will be published. The relevant data published will also include the contribution under the existing PIS of each of those firms in 2004 for purposes of comparison. The names of the firms or the participating insurers will not be disclosed.

The pricing to be given by the three participating insurers are to be taken at rough indications only, and are not binding on the three insurers concerned. The actual premiums will be dependent on a host of factors such as market conditions, competition in the market, the size of the premium pool the claims history of the firms and other factors in relation to the firms and others prevailing at the time when the insurance is required.

Members are invited to volunteer and participate in this exercise. Those who are interested to participate, please contact Vivien Lee at the Law Society on 2846 0545. The Law Society will pass on the names of the volunteer firms to Aon. All subsequent contact will be restricted to the member firms, Aon and the insurers. It is hoped that there will be sufficient response from members to enable 50 representative firms to be chosen. If there are more than 50 firms volunteering the participating firms will be chosen on the basis of their representative character based on the criteria indicated above.

The QIS Working Party
Members: Chris Howse (Chairman)
Nick Hunsworth
Krishnan Sundaramoorthy
Peter Lo
Benny Yeung