



Our Ref: L00406009

2 June 2004

Secretariat, Constitutional Development Task Force,
Constitutional Affairs Bureau,
3/F., Main Wing,
Central Government Offices,
Lower Albert Road,
Hong Kong

Dear Sirs,

The Third Report of the Constitutional Development Task Force

I write in response to your invitation in the above-mentioned Report to put forward views and specific proposals to the Method for Forming the Legislative Council ("LegCo") in 2008.

The Hong Kong Confederation of Insurance Brokers ("CIB") is a body of insurance brokers approved by the Commissioner of Insurance to implement self-regulation of insurance brokers in Hong Kong. We are also the professional association for insurance brokers speaking collectively for our members and to acting to safeguard their common interests. We have a membership comprising a cross section of large and small companies with both local and international backgrounds.

For your information, we have previously, in November 2003, written to Ms. Stephen Lam, JP, Secretary for Constitutional Affairs and a key member of the Task Force, suggesting a broader representation in the Insurance Functional Constituency. A copy of the letter which is self-explanatory is enclosed for your ready reference.

We are appreciative that our suggestion has been taken seriously by the Government and we feel obliged to reiterate our proposal as follows:

- ✓ CIB supports the place of the Insurance Functional Constituency within the LegCo.
- ✓ The eligible electorate of this Constituency should remain as corporations.
- ✓ The electorate of this Constituency should be broadened since the interests of insurance brokers are often different to those of insurance companies.
- ✓ The delineation of the Constituency should be extended to include all authorized corporate insurance brokers.

Also for your information, according to the Office of Commissioner of Insurance, there were 460 authorized insurance brokers in Hong Kong as at 30 April 2004.

We are in support of the work of your Task Force and we look forward to the Government's proposal on the method for forming the LegCo in due course.

Yours faithfully,

(Signed)

Mark Johnson
Chairman

Encl.



香港保險顧問聯會

THE HONG KONG CONFEDERATION
OF INSURANCE BROKERS

27th November 2003

Mr. Stephen Lam, JP
Secretary for Constitutional Affairs
3/F Main Wing
Central Government Offices
Lower Albert Road
Hong Kong

Dear Mr. Lam,

Re: Insurance Brokers and the Insurance Functional Constituency

I write to you with the 2004 Legislative Council elections now in the very near future, to raise a subject which has been causing some concern to our membership over the past few years.

As you may know from correspondence in 1997 the Confederation of Insurance Brokers (CIB) supported the establishment of the Insurance Functional Constituency. A letter from us to the Secretary for Constitutional Affairs set out our support but expressed the desire that in future, brokers also be represented. At present the Constituency comprises all authorized insurance companies in Hong Kong and we feel that the time is now right to extend this to include all authorized corporate insurance brokers.

Brokers are an important and integral part of a developed and sophisticated insurance industry such as we have in Hong Kong. Experience both in Hong Kong and elsewhere demonstrates that brokers are often the drivers for much of the development and innovation that takes place within the industry. This occurs because a broker is the link between insurer and insured so is ideally placed to identify consumers' requirements and then develop risk transfer methods to meet them. As the consumers' adviser and agent a professional broker will often become, by default, an unofficial consumer watchdog championing the cause of his clients within the insurance industry.

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The role of insurance brokers in Hong Kong is formalized and brokers are specifically recognized in the Insurance Companies Ordinance (Cap. 41). It would therefore be relatively straightforward to extend the Constituency to include authorized insurance brokers in the same way that it currently includes authorized insurance companies. To be represented in LEGCO would then allow brokers to give voice to their concerns and exercise support where appropriate to the betterment not just of the insurance industry but also Hong Kong.

A great deal is happening in the insurance industry at present. From the proposed independence of the Office of the Commissioner of Insurance to the introduction of new qualifications and continuing professional development requirements. Our members presently now find it both frustrating and inequitable that they have no effective representation at the Legislative Council. Insurance brokers contribute to the development of Hong Kong not only through their role in the industry but also through the corporate taxes that they pay and we feel that this imbalance should now be redressed.

To reiterate our position we would stress that the CIB supports the place of the Insurance Functional Constituency within LEGCO but draws attention to the fact that the interests of insurance brokers are often different to those of insurance companies. The representative of the Constituency is at present elected only by insurance companies and the time has now come for this to be amended to allow the whole industry to be represented.

We would like to commence discussions with you on this point and look forward to receiving your reply.

Yours sincerely,
The Hong Kong Confederation of Insurance Brokers

(Signed)

Mark Johnson
Chairman

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