

LCQ2: Taking out third party risks insurance for vehicles by owners

Following is a question by the Hon Chan Kin-por and a reply by the Secretary for Transport and Housing, Ms Eva Cheng, at the Legislative Council meeting today (March 3):

Question:

According to the statistics of the Motor Insurers' Bureau of Hong Kong ("MIB"), there were a total of 82 claims between 2004 and 2008 in which the vehicles concerned were not covered by the third party risks insurance and MIB was required to make compensations amounting to more than \$84 million to the victims. Some members of the trade have indicated that since at present the source of the compensation fund is the levy on third party risks insurance premiums, it has resulted in vehicle owners who have taken out the said insurance subsidising those who have not. These members are also of the view that the number of uninsured vehicles uncovered because of their involvement in traffic accidents is only a small proportion of that of uninsured vehicles at present. In this connection, will the Government inform this Council:

(a) of the respective number of vehicle owners who were prosecuted in each of the past five years for using or permitting others to use their vehicles which had not been insured against third party risks as required by the existing legislation, as well as the penalty imposed on those who were convicted;

(b) whether the Police have, when investigating traffic accidents involving uninsured vehicles, looked into the reasons for vehicle owners not taking out third party risks insurance, and whether the authorities have, in the past two years, assessed if the penalty imposed on such owners by the

existing legislation has sufficient deterrent effect; and

(c) what new measures the Government has to ensure that vehicle owners will comply with the law and take out third party risks insurance?

Reply:

President,

My reply to the three parts of the question is as follows:

(a) According to Section 4 of the Motor Vehicles Insurance (Third Party Risks) Ordinance (Cap 272), it shall not be lawful for any person to use, or to permit any other person to use, a motor vehicle on a road unless the vehicle concerned is covered by valid third party risks insurance; offenders shall be liable to a fine of \$10,000 and to imprisonment for 12 months on conviction. The number of prosecuted cases in each of the past five years ranged from some 400 to some 600. Detailed figures are 691 in 2005, 628 in 2006, 653 in 2007, 507 in 2008 and 422 in 2009. As regards the penalty imposed, fines ranged from \$300 to \$10,000, imprisonment from 4 weeks to 6 months, and disqualification from driving from 2 to 24 months.

(b) As shown by the prosecution figures for the past five years, the number of cases involving failure to take out third party risks insurance show a downward trend, from 691 in 2005 to 422 in 2009. Compared to about 600,000 vehicles and 1.7 million licensed drivers in Hong Kong, the number of people prosecuted of offences relating to third party risks insurance is indeed extremely small. The relevant figures reveal that the absolute majority of the vehicle owners take out third party insurance in accordance with the law. Some vehicle owners may be negligent and forgot to take out third party risks insurance, and in these cases their vehicle licences may have expired as well. Other cases may involve persons whose driving licences having been suspended or driving without a valid

driving licence, and did not take out third party risks insurance at the same time. Separately, when the Police investigate traffic accidents, traffic offences except those cases which are prosecuted by way of fixed penalty tickets or other criminal offences such as theft of vehicle, they would also investigate whether the concerned vehicles are covered by third party risks insurance. If the Police have adequate evidence, they would prosecute.

(c) According to Section 4 of the Motor Vehicles Insurance (Third Party Risks) Ordinance (Cap 272), it shall not be lawful for any person to use, or to permit any other person to use, a motor vehicle on a road unless the vehicle concerned is covered by valid third party risks insurance. Ensuring their vehicles are covered by third party risks insurance is the responsibility of vehicle owners. Offenders of this provision shall be liable to the penalties mentioned in part (a) above and shall be disqualified from holding or obtaining a driving licence by the court. Separately, as stipulated in Section 25(1) of the Road Traffic Ordinance (Cap 374), the Commissioner for Transport may refuse to license or cancel the licence of a motor vehicle if no valid insurance against third party risks is in force in respect of the vehicle. At present, when applying for new or renewal of vehicle licences, applicants must produce a valid insurance policy, and provide information of valid third party risks insurance, including the name of the insurance company, name of policy holder, number and expiry date of the insurance policy or cover note. All these penalties and requirements have certain deterrent effect, ensuring vehicle owners to get their vehicles insured.

Depending on the circumstances and needs of individual vehicle owners (for example, change of insurance company, the vehicle concerned is intended only for short term ownership or trading purposes etc), the validity period of the policy concerned may not tie in with that of the vehicle licence. To address these circumstances, we will consider, in the course of processing the licence applications, reminding the

applicants concerned of the need to renew their insurance policies to ensure that their vehicles will be covered by valid third party risks insurance.

In addition, we will continue to maintain liaison and cooperate with the insurance sector from time to time, with a view to enhancing publicity efforts regarding the requirement of third party risks insurance. We also understand that generally insurance companies will remind vehicle owners to renew their insurance policies before expiry such that their vehicles are insured.

Ends/Wednesday, March 3, 2010

Issued at HKT 17:58