

Note from Hon Bernard CHAN dated 22 October 2002

**Proposed discussion on
“Business environment of the Hong Kong insurance industry and the
difficulties encountered by some professional and business sectors in
obtaining insurance coverage”**

- a) Assessment of the business environment of the local insurance industry, including the impact of the global threats of terrorists attacks after the 11 September incident last year, *current equities market performance which leads to shrinkage in insurance company's asset*, and the recent trend of increasing amounts of compensation awarded to victims of traffic accidents by the court: and
- b) Difficulties encountered by some professional and business sectors of the community in obtaining insurance coverage, such as restriction of insurance coverage and hardening of premium rates. As certain types of insurance coverage are required to be taken out to fulfill relevant statutory requirements, these difficulties may pose severe impact on the operation of some business and professional sectors.