

消費者委員會 CONSUMER COUNCIL

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24 June 2005

The Hon Margaret Ng
Chairperson
Panel on Administration of Justice and
Legal Services
Legislative Council
Legislative Council Building
8 Jackson Road
Central, Hong Kong

Dem Moyarel,

Re: Limited Liability Partnership

This Council thanks the Panel on Administration of Justice and Legal Services for the opportunity to attend its meeting on 31 March 2005 to discuss the issue of limited liability partnership. Although no Government consultation paper has been published on the issue, this Council would think that it is appropriate to express its preliminary views to the Panel for its kind consideration.

The business model of limited liability partnership is applicable to various trades and businesses. We wish to comment on proposed limited liability partnership model for solicitors, as legal services are more directly related to individual consumers.

We understand that limited liability partnership ("LLP") is becoming a world trend in professional business model and we do not object to its adoption provided that there will be sufficient safeguards for consumers. We also understand the background to the current proposal that a solicitor will not be liable for the negligence of his/her partner but will only be liable for his/her own negligence.

P.2/However

However, we do not support a LLP model which gives separate legal entity to the LLP. We hope individual solicitors of LLPs will continue to be held directly answerable for liabilities incurred in connection with their legal business. We do not oppose to the adoption of a partnership model if it does not give its partners a shield behind which they can avoid personal contractual or tortious liabilities in connection with their business.

The new LLP model should have sufficient insurance coverage at both firm level and individual solicitors level and the coverage should not be less than the coverage under the current model of general partnership. This ensures that consumers will be offered no less protection in this respect.

We consider it appropriate to require an LLP to have sufficient disclosure of its insurance coverage level to the public so that consumers will have such important information at hand when they selecting legal representatives. Moreover, disclosure of LLP status of solicitors' firms is also important for consumer choice. This helps consumers to decide if they would like to instruct a LLP or a general partnership firm of solicitors.

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Mrs. CHAN WONG Shui Chief Executive