

LegCo Question No.20

(Written Reply)

Date of sitting : 13 October 2004

Asked by : Hon Howard YOUNG

Replied by : Secretary for Economic Development and Labour

Question :

It has been reported that since the "911" incident in the United States, many insurance companies have raised the insurance premium for travel agents or even excluded the provisions relating to "compensation for death of tour group members" under the "professional indemnity insurance", thereby subjecting travel agents, especially those operating outbound tours, to greater operational risks. In this connection, will the Government inform this Council:

- (a) whether it will consider imposing a mandatory requirement that people joining outbound package tours should take out travel insurance so as to enhance protection for outbound travellers; if it will, of the timetable of the study concerned; if not, the reasons for that; and
- (b) how it will assist travel agents in reducing the extra operational risks arising from the exclusion of the above provisions by insurance companies?

Reply :

Madam President,

- (a) Under the Travel Agents Ordinance, outbound travellers joining package tours are protected by the "Package Tour Accident Contingency Fund Scheme" under the Travel Industry Compensation Fund. Under the scheme, if an outbound traveller is killed or injured in an accident in the course of an activity arranged or organised by a Hong Kong travel agent, he or his family members may receive an ex gratia payment of up to HK\$180,000 (including medical expenses incurred at the place of accident,

travel expenses incurred by relatives for compassionate visits, funeral expenses incurred in the place of accident, or the costs of repatriating the remains of a deceased person to Hong Kong, etc).

As regards whether outbound travellers should acquire additional protection, individual travellers may assess their own needs and the risk of each trip to decide whether they should take out their own travel insurance policies. Regarding public education and promotion, the Travel Industry Council (TIC) issued a circular to travel agents in May 2002 suggesting them to remind their clients to consider taking out their own insurance policies. The Consumer Council, through its publications, educates travellers about the importance of purchasing travel insurance and gives advice on travel insurance products.

- (b) The Government has been assisting the TIC to communicate with the insurance sector and to study the coverage of liability insurance. Like all commercial operations, travel agents should be responsible for adopting effective risk management measures to reduce the possibility of liability claims. We understand that in order to enhance the travel agents' knowledge of risk management and to reduce their operational risks, the TIC is actively drawing up business protection measures (including the preparation of a code of best business practice) for travel agents. We consider that drawing up measures to reduce operational risks and conducting discussion with the insurance industry on the issue of liability insurance by the trade themselves would be an effective way to meet the different needs of individual travel agents.