

LegCo Question No.16
(Written Reply)

Date of sitting : 10 November 2004

Asked by : Hon Howard YOUNG Replied by : Secretary for Economic Development and Labour

Question :

A Hong Kong tour group had a serious traffic accident in Jiufen, Taiwan on the 18th of last month, causing deaths of four tour group members and more than 20 injuries. The travel agents and people in Hong Kong were gravely concerned about the safety of and insurance for tour groups. In this connection, will the Government inform this Council:

- (a) whether the authorities concerned have regularly exchanged views with the tourism authorities outside Hong Kong on measures to ensure tourist safety at those places; if so, whether they have conveyed such measures to the travel agents in Hong Kong; if not, whether they have such plans;
- (b) whether it will consider requiring travel agents to take out indemnity insurance, no matter whether it is to be taken out by travel agents individually or collectively by the Travel Industry Council of Hong Kong on their behalf;
- (c) whether it knows the progress of the discussion over indemnity insurance between the Travel Industry Council of Hong Kong and the insurance industry; and
- (d) of the measures in place to ensure that tour group members be expeditiously compensated after accidents?

Reply :

Madam President,

- (a) Through participation in various international and regional fora, including the World Tourism Organisation, the Asia Pacific Economic Cooperation, and the Pacific Asia Travel Association, the Government and the Travel Industry Council of Hong Kong (TIC) maintain regular liaison with other tourism authorities to discuss issues of common interests, including travel safety measures. There is close cooperation between the Government, the TIC and the Mainland tourism authorities. The TIC has recently signed a Memorandum of Understanding with the Guangdong Provincial Tourism Administration on group tour arrangements, including travel safety issues.

- (b) Travel agents, like all other commercial operations and based on their operational requirements, has the responsibility to adopt effective risk management measures for its operation, including whether to take out professional indemnity insurance to reduce the financial risk in the event of liability claims.

Whether travel agents should take out professional indemnity insurance is a risk management decision of the travel agents concerned. At present, the Government has no intention of requiring the travel agents to take out professional indemnity insurance on a mandatory basis. We will continue to remind the trade to take out insurance in accordance with their operational risks and needs, and help them to discuss the question of insurance coverage with the insurance sector. The TIC is consulting the insurance sector on the preparation of a best business practice for travel agents to help them manage and reduce their operational risks. It is also exploring the possibility of taking out collective professional indemnity insurance for travel agents.

- (c) We understand that the TIC is discussing the professional indemnity insurance issue with various insurance bodies, including the Hong Kong Confederation of Insurance Brokers, the Professional Insurance Brokers Association Limited and the Hong Kong Federation of Insurers. According to the TIC, most of the more well-established travel agents organising outbound tours have already taken out professional indemnity insurance.
- (d) Professional indemnity insurance only provides financial protection to travel agents to meet the costs of litigation and any damages that may become payable by them. It cannot ensure expeditious compensation to the injured traveller in the event of accidents. When an accident occurs during the trip, Hong Kong residents joining package tours may seek financial assistance from the "Package Tour Accident Contingency Fund Scheme" (the Scheme) under the Travel Industry Compensation Fund. The travel agent concerned will immediately provide assistance to the injured, including reporting the accident to the TIC, the insurance company and the Travel Agents Registry; transferring the injured travellers to nearby medical facilities for treatment; and informing their family members. Expenses incurred for medical treatment, compassionate visits of family members, repatriating the remains of a deceased person to Hong Kong and funeral service at the place of accident will normally be borne by the travel agent first who will then seek ex gratia payment from the Scheme on behalf of the travellers.