

LCQ11: Employees' compensation insurance

Following is a question by the Hon Wong Kwok-kin and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (October 20):

Question:

Some workers engaged in different industries have relayed to me that in recent years, quite a number of employers, on the grounds that the premiums of employees' compensation insurance (commonly known as labour insurance) policies are high or that insurance companies have declined to underwrite such policies, have failed to take out labour insurance policies for their employees and even forced their employees to become self-employed persons. In this connection, will the Government inform this Council:

- (1) whether it knows (i) the number of valid labour insurance policies and (ii) the average premium per policy, in each of the past five years;
- (2) whether it knows the respective numbers of insurance applications (a) received and (b) approved in each of the past five years under the Employees' Compensation Insurance Residual Scheme, which had been submitted by the employers of (i) the 22 high-risk industries specified under the Scheme and (ii) other industries, with a breakdown by industry;
- (3) of the respective numbers of employers who were (i) prosecuted and (ii) convicted for failure to take out labour insurance policies for their employees, and the details of the relevant inspection and monitoring work of the Labour Department, in the past five years;
- (4) as some employers have relayed that the riots and the epidemic in the past two years have led to a surge in the risk of claims for compensation under labour insurance policies for some industries, and the number of work injury cases in industries such as construction and catering has continued to increase, resulting in a rise in the premiums of labour insurance policies, whether the Government has carried out co-ordination work and offered support, so as to avoid a substantial increase in the premiums of labour insurance policies for the industries concerned, and ensure that there are sufficient insurance companies willing to underwrite such policies; if so, of the details; if not, the reasons for that; and
- (5) whether it will consider afresh setting up a central employees' compensation fund to replace the private labour insurance market, so as to reduce employers' operating costs, ensure that employees are protected under labour insurance policies and prevent employees from being forced to become self-employed persons; if so, of the details; if not, the reasons for that?

Reply:

President,

â€œIn consultation with the relevant bureau, the consolidated reply to the Member's question is as follows:

(1) According to information from the Insurance Authority, the annual statistics on the number of policies in force and average premium per policy for employees' compensation insurance (EC insurance) in the past five years are as follows:

	2016	2017	2018	2019	2020
No. of policies in force	423 646	399 614	390 259	390 265	378 726
Average premium per policy (HK\$)	15,116	14,802	15,820	18,111	20,091

(2) In the past five years, the Employees' Compensation Insurance Residual Scheme Bureau (ECIRSB) received applications from six High Risk Groups (HRGs) among the 22 HRGs. Relevant figures of HRGs and other industries are as follows:

Year	Industry	(a) No. of applications received from the employers	(b) No. of applications approved and provided cover by ECIRSB
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2016	(i) High Risk Groups (HRGs)		
	Scaffolding	28	28
	Recycling	6	6
	Cleaning	2	2
	Transportation	2	2
	Air conditioner installation worker/repairer	0	0
	Stevedores	2	2
	Subtotal	40	40
	(ii) Other industries		
	Trading	2	1
	Domestic helper	3	3
	System development/Consulting service	1	1
	Others (excluding the above 3 industries)	7	7
	Subtotal	13	12
Total	53	52	
2017	(i) High Risk Groups (HRGs)		
	Scaffolding	18	18
	Recycling	5	5
	Cleaning	2	2
	Transportation	2	2
	Air conditioner installation worker/repairer	0	0
	Stevedores	2	2
	Subtotal	29	29
	(ii) Other industries		
	Trading	1	0
	Domestic helper	2	2
	System development /Consulting service	2	2
	Others (excluding the above 3 industries)	13	10
	Subtotal	18	14
Total	47	43	

2018	(i) High Risk Groups (HRGs)		
	Scaffolding	15	15
	Recycling	9	8
	Cleaning	2	1
	Transportation	1	1
	Air conditioner installation worker/repairer	0	0
	Stevedores	0	0
	Subtotal	27	25
	(ii) Other industries		
	Trading	3	1
	Domestic helper	4	2
	System development /Consulting service	3	3
	Others (excluding the above 3 industries)	19	12
	Subtotal	29	18
	Total	56	43
2019	(i) High Risk Groups (HRGs)		
	Scaffolding	12	12
	Recycling	7	5
	Cleaning	6	6
	Transportation	3	2
	Air conditioner installation worker/repairer	1	1
	Stevedores	1	1
	Subtotal	30	27
	(ii) Other industries		
	Trading	8	8
	Domestic helper	5	5
	System development /Consulting service	1	1
	Others (excluding the above 3 industries)	31	23
	Subtotal	45	37
	Total	75	64

2020	(i) High Risk Groups (HRGs)		
	Scaffolding	14	13
	Recycling	11	7
	Cleaning	8	4
	Transportation	7	6
	Air conditioner installation worker/repairer	1	1
	Stevedores	0	0
	Subtotal	41	31
	(ii) Other industries		
	Trading	12	11
	Domestic helper	9	9
	System development /Consulting service	3	3
	Others (excluding the above 3 industries)	45	36
	Subtotal	69	59
	Total	110	90

Note: The figures in column (a) and (b) of the above table are not identical as the employers have either taken out EC insurance directly through the Employees' Compensation Insurance Residual Scheme (ECIRS)'s member insurers or they did not take out EC insurance through the ECIRS eventually.

(3) Under the Employees' Compensation Ordinance (ECO), employers are required to take out EC insurance to cover their liabilities to pay compensation under the law (including common law). Labour inspectors from the Labour Department (LD) actively conduct inspections of establishments in various trades to check employers' compliance with the compulsory EC insurance requirement and investigate cases of suspected violation and complaints against non-compliance. Anyone who suspects that individual employers have failed to take out EC insurance can report the case to the LD through its complaint hotline (2815 2200). Upon receipt of complaints, the LD will take prompt follow-up actions and institute prosecution against offending employers when there is sufficient evidence.

The numbers of prosecutions taken out and convictions secured for failure to take out EC insurance under the ECO in the past five years are as follows:

	2016	2017	2018	2019	2020
No. of prosecutions	604	717	992	1 005	988

No. of convictions	567	697	960	980	971
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The numbers of inspections conducted by labour inspectors in the past five years are as follows:

	2016	2017	2018	2019	2020
No. of inspections	86 063	103 099	95 258	116 618	80 430

(4) With the Government's encouragement, the Hong Kong Federation of Insurers set up the ECIRS in 2007 to provide last-resort covers to employers encountering difficulties in taking out EC insurance. If employers of any trade, including those of the construction and catering industries, have difficulties in procuring EC insurance, they may contact the ECIRSB for assistance. As regards insurance premiums, a discount and loading mechanism is in place under the ECIRS to adjust the rates to be offered according to factors like the past occupational safety and health performance and risk preventive measures adopted by employers.

(5) Hong Kong's existing EC system is primarily premised on a no-fault principle and employers' liability to pay compensation on the basis of the ECO. Employers are required to take out EC insurance in accordance with the provisions of the ECO to cover their liabilities to pay compensation under the law (including common law). Apart from the above, the existing services rendered by EC insurers, coupled with the ECIRS, have been able to address the needs and concerns of employers in seeking EC insurance cover. The existing mode of operation of EC system, which suits the local circumstances of Hong Kong, works well in affording EC protection to employees injured at work or family members of deceased employees. The Government has no plan to consider setting up a central EC fund.