

LCQ3: Insurance for taxis

Following is a question by the Hon Frankie Yick and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (June 10):

Question:

Some taxi owners have relayed that recently, the comprehensive insurance premiums and third party risks insurance premiums for taxis have increased by 35 per cent and 20 per cent respectively when compared with the same period last year. Besides, insurance companies have charged additional premiums of 15 per cent to 25 per cent for taxis with high vehicle age and those driven by elderly drivers, and have substantially increased the amounts specified in insurance contracts to be paid by insured persons for contributing towards insurance compensation (commonly known as "insurance excess"). In addition, some insurance companies have refused to underwrite insurance for taxis reaching the vehicle age of 20, and some insurance companies have recently ceased to underwrite insurance for taxis, thereby lessening competition in the market. In this connection, will the Government inform this Council:

(1) of the number of taxis in Hong Kong as at December 31 last year; the number of taxis which received annual examination last year, with a tabulated breakdown by results and vehicle age (i.e. 13 years and below, each of the years from 14 to 19, and 20 years and above); if there were taxis which failed to pass the annual examination, of the reasons for that;

(2) whether insurance companies have breached any law or regulation by refusing to underwrite insurance for taxis reaching the vehicle age of 20; of the measures in place to ensure that there will be insurance companies that are willing to underwrite insurance for such taxis; and

(3) as some insurance companies have pointed out that the increase in the number of traffic accidents involving taxis is one of the causes for the soaring insurance premiums, whether the Government will encourage (e.g. through subsidising taxi owners to install alarm system and equipment for preventing collision) the taxi trade to make good use of technology to reduce traffic accidents; if so, of the details; if not, the measures in place to reduce traffic accidents involving taxis?

Reply:

President,

The reply by the Transport and Housing Bureau, in consultation with the Financial Services and the Treasury Bureau, to the various parts of the Hon Frankie Yick's question is as follows:

(1) In accordance with the Road Traffic Ordinance (Cap 374), all taxis are required to undergo and pass a vehicle examination conducted by the Transport Department (TD) before applying for their first vehicle licence. Thereafter,

every taxi, regardless of its vehicle age, must undergo an annual vehicle examination conducted by TD for applying for renewal of its vehicle licence. If a vehicle fails the examination, it has to undergo and pass the re-examination after repair, prior to application for renewal of its vehicle licence such that it can continue to be driven on the road.

As at December 31, 2019, there were a total of 18 132 licensed taxis in Hong Kong. In 2019, a total of 17 208 taxis underwent the annual vehicle examinations conducted by TD and all those taxis passed the examinations. A breakdown of the numbers of annual vehicle examinations of taxis by vehicle age is at Annex. As regards the remaining approximately 1 000 taxis, they were first registered in 2019, accounting for less than 10 per cent of all licensed taxis. The situation was similar to that in the previous three years. First registered taxis are also required to pass the vehicle examination conducted by TD and be covered by valid third party risks insurance before they can be driven on the road.

(2) According to the Motor Vehicles Insurance (Third Party Risks) Ordinance (Cap 272), it shall not be lawful for any person to use, or to cause or permit any other person to use, a motor vehicle on a road unless the vehicle concerned is covered by valid third party risks insurance. Such insurance policy is a private contract between the policyholder and the insurance company. Insurance companies determine the level of premiums and make the underwriting decision based on commercial principles and factors such as the operating environment, risks assessment and claim records. As far as the comprehensive insurance and third party risks insurance of taxis are concerned, the Insurance Authority notes that there are insurance companies in the market that are willing to underwrite taxis with vehicle age of 20 years or above.

The Government understands that the prevailing economic environment, especially the COVID-19 pandemic has brought severe operating pressure on the transport industry. To assist the trade in tiding over the difficult period, the Government has launched a series of relief measures under the two rounds of the Anti-epidemic Fund. In particular, the Government would provide each registered vehicle owner of taxis a one-off non-accountable subsidy of \$30,000 per vehicle. TD is issuing letters to inform all eligible registered owners of taxis of the detailed registration arrangements for the subsidy through an electronic platform. The deadline for registration is September 30, 2020. TD will disburse the subsidy to the applicant within two to three weeks upon verification of the submitted documents.

(3) In 2017 to 2019, there were 3 837, 3 916 and 4 198 traffic accidents involving taxis respectively. The contributory factors of these accidents are mostly driver-related, including driving inattentively, driving too close to vehicle in front and losing control of vehicles.

In recent years, the Government has been actively promoting "Smart Mobility", and has planned to launch a \$1 billion Smart Traffic Fund in 2020-21 to provide funding support for research and application of vehicle-related innovation and technology. In addition, the Government is open-minded about any innovation and technologies that could effectively improve road and

driving safety, and welcomes the introduction of new driver assistance systems by vehicle manufacturers for various classes of vehicles in this regard. It is noted that in recent years, a number of vehicle manufacturers have installed driver assistance systems, such as Collision Prevention Assist, Lane Keep Assist and Blind Spot Assist alerts, Stability Programme and Automatic Emergency Braking System, etc, on their vehicles. After assessing the technical details submitted by vehicle manufacturers in support of their applications for type approval, TD has already approved the installation of some of the above-mentioned systems on relevant vehicles registered in Hong Kong. Vehicle manufacturers may also consider introducing such systems to taxis with a view to enhancing driving safety.

Indeed, the Government has all along attached great importance to safe driving among taxi drivers and disseminates relevant messages through publicity and education programmes. For instance, TD has organised the Safe Driving and Health Campaign to arouse drivers' awareness of safe driving and their own health conditions. The Road Safety Council also conducts promotional campaigns with the theme of "driving attentively", to urge drivers to stay focused when driving.

With a view to enhancing the safety and quality of taxi services, starting from October 1 this year, applicants for a full driving licence to drive a taxi must have completed the specified pre-service course and obtained the course certificate before they are issued with such driving licence. The course covers knowledge on driving and road safety, etc, which helps enhance the awareness of safe driving among taxi drivers.

Through the Committee on Taxi Service Quality and regular meetings with the trade, we will continue to maintain close liaison with the trade and look into their needs so as to formulate appropriate measures for improving the trade's operating environment and vehicle safety.