

THE M.I.B. UNDERTAKING

dated 29th June 1995

given by

MOTOR INSURERS' BUREAU OF HONG KONG

to

THE GOVERNMENT OF HONG KONG

To: **The Government of Hong Kong,**

M.I.B. Undertaking dated 29th June 1995

We refer to the Memorandum of Agreement between us made the first day of February 1981 ("the Agreement").

Terms defined in the Agreement are used in this Undertaking. In addition, the following defined terms have the following meanings:-

"Amending Legislation" - Motor Vehicles Insurance (Third Party Risks) (Amendment) Ordinance 1995

"The Ordinance" - Motor Vehicles Insurance (Third Party Risks) Ordinance (Cap. 272)

"Prescribed Limit" - The Maximum liability of an Insurer under a policy of insurance complying with the requirements of Section 6 of the Ordinance, following implementation of the Amending Legislation.

In addition to the obligations upon us in the Agreement, we undertake and agree the following:-

1. If judgment is obtained against any person or persons at first instance in a court of competent jurisdiction in Hong Kong (or on appeal therefrom either to a superior court in Hong Kong or, prior to 1st July 1997, the Privy Council and subsequently the Court of Final Appeal) in respect of a relevant liability, and the aggregate of any sums payable under such judgment and other judgments of relevant liability against the same person or persons arising from the same event exceed the greater of:-

(a) the Prescribed Limit; or

(b) the limit on the amount of cover provided by an Insurer under the terms of any policy pursuant to which the claim giving rise to the judgment is made;

then if and to the extent that the Judgment Debtor shall be unable to pay the uninsured portion of such judgment within 28 days from the date upon which the person or persons in whose favour such judgment was given become entitled to enforce it, M.I.B. will, subject to the provisions of the Agreement and this Undertaking, pay or cause to be paid to the person or persons in whose favour such judgment was given any such amount payable or remaining payable thereunder in respect of the relevant liability including any sum awarded by the court in respect of interest on that sum and any taxed costs.

2. M.I.B.'s liability under this Undertaking shall be limited to the amount available in the fund established by M.I.B. under the Agreement after making all appropriate provisions and reductions for actual or contingent liabilities of M.I.B. under the Agreement and this Undertaking which have been notified to M.I.B. prior to the date of notification of the relevant claim.

3. The obligations assumed by M.I.B. under this Undertaking shall only apply to claims resulting from an accident occurring after the coming into effect of the Amending Legislation.

4. M.I.B.'s liability under this Undertaking shall be subject to each of the conditions set out in Clause 8(a), (b), (c) and (d) of the Agreement being met in full.

We acknowledge our mutual agreement that with effect from 1st July 1997, the reference in Clause 2 of the Agreement to the "Privy Council" shall be deemed to be a reference to the Court of Final Appeal.

Please confirm your acceptance of our Undertaking by signing and returning the duplicate Undertaking enclosed.

SIGNED for and on behalf of
MOTOR INSURERS' BUREAU OF HONG KONG

In the presence of

Mr. Horatio Joseph LYNN
(M.I.B. CHAIRMAN 1994/95)
Dated 29th June 1995

Mr. Philip D. SMITH
(M.I.B. LEGAL ADVISER)
Dated 29th June 1995

To : **Motor Insurers' Bureau of Hong Kong,**

We confirm our acceptance of the above Undertaking.

SIGNED for and on behalf of
THE GOVERNMENT OF HONG KONG

In the presence of

Mrs. Pamela M. W. TAN
(Commissioner of Insurance)
Dated 29th June 1995

Mr. Ros K. T. LAM
(Assistant Commissioner of Insurance)
Dated 29th June 1995