



Employees' Compensation Insurance

Employees' compensation insurance is a compulsory insurance for the employer to cover its liability under both the Employees' Compensation Ordinance Chapter 282 and at common law in respect of injuries sustained by its employee (regardless of the length of employment, full-time or part-time employee) as a result of an accident arising out of and in the course of employment or in respect of occupational diseases specified in the Ordinance.

An employer not having a valid employees' compensation insurance policy is an offence and **can be fined up to HK\$100,000 and imprisoned for two years.**

Summary of cover

- To indemnify employer's liability to pay compensation under Employees' Compensation Ordinance for death, permanent incapacity, temporary incapacity of employee and related medical expenses, cost of prostheses and surgical appliances.
- To indemnify employer's liability in respect of claims for common law damages if the accident resulting to injury to employee is caused by the employer's negligence.
- To cover all costs and expenses incurred with insurer's consent for defending claims against the employer.

Material disclosure to insurers

- Actual number and earnings of all employees should be advised to insurers. Under-reporting of earnings may result in a proportionate reduction of insurer's indemnity.
- Employer's business, employees' job nature and occupation categories, usual work locations, any employees who need to work outside Hong Kong, claims history, and any other material facts* should be advised to insurer.
- Stating specifically whether any work is sub-contracted to sub-contractor and stating clearly whether the employees of the sub-contractor need to be covered by the policy.

* It is the information which will influence the decision of insurer to accept your insurance application or not and if yes, insurer will base on the information to determine the coverage terms and premium. Non disclosure of such information gives the insurer the right to avoid the insurance contract. If there is uncertainty as to whether or not to disclose a particular piece of information to the insurer, it is recommended that such information be disclosed to the insurer in order to avoid any future dispute or rejection of your claim by the insurer.