

28 February 2001

Chief Executives of all authorized insurance institutions
carrying on long term business

Dear Sirs,

Financial Action Task Force - Identification of Non-Cooperative Jurisdictions

As part of the international measures to combat money laundering, the Financial Action Task Force on Money Laundering (“FATF”)^{Note 1} is in the process of assessing and identifying countries and territories which have detrimental rules and practices that impede international cooperation in the fight against money laundering. Thus far, this has resulted in 15 countries and territories being named as “Non-Cooperative Countries/Territories” (“NCCTs”). They are :-

- Bahamas
- Cayman Islands
- Cook Islands
- Dominica
- Israel
- Lebanon
- Liechtenstein
- Marshall Islands
- Nauru
- Niue
- Panama
- Philippines
- Russia
- St. Kitts and Nevis
- St. Vincent and the Grenadines

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Note 1

FATF is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering. FATF currently consists of 29 countries and two international organizations. The 29 FATF member countries are: Argentina; Australia; Austria; Belgium; Brazil; Canada; Denmark; Finland; France; Germany; Greece; Hong Kong, China; Iceland; Ireland; Italy; Japan; Luxembourg; Mexico; the Kingdom of the Netherlands; New Zealand; Norway; Portugal; Singapore; Spain; Sweden; Switzerland; Turkey; the United Kingdom and the United States. The two international organizations are: The European Commission and Gulf Cooperation Council.

Having considered the progress of the action taken by these countries and territories to remedy their detrimental practices, the FATF decided to apply Recommendation 21 of the Forty Recommendations^{Note 2} to the above countries and territories. All members of the FATF, including Hong Kong, China, are obliged to adopt these Recommendations to help combat money laundering. Recommendation 21 states that :-

“Financial institutions should give special attention to business relations and transactions with persons, including companies and financial institutions, from countries which do not or insufficiently apply these Recommendations. Whenever these transactions have no apparent economic or visible lawful purpose, their background and purpose should, as far as possible, be examined, the findings established in writing, and be available to help supervisors, auditors and law enforcement agencies.”

In addition to complying with the Guidance Note on Prevention of Money Laundering issued by the Insurance Authority, you are also advised to observe the above Recommendation by paying special attention to business relations and transactions with customers from the above countries or territories.

The FATF will review the NCCT list from time to time. Advice of the changes will be provided by similar advisory in due course. Should you have any enquiries in this regard, please contact Mr. William Hsieh at 2867 4529.

Yours sincerely,

(Ms. Carol M. Y. Hui)
for Commissioner of Insurance

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^{Note 2} *The Forty Recommendations were promulgated by the FATF as standards and international best practices in countering money laundering. All members of the FATF, including Hong Kong, China, are encouraged to adopt these measures to help combat money laundering.*