

Our Ref: INS/TEC/6/45

8 November 2024

To : Chief Executives / Responsible Officers of all insurance institutions (“IIs”)<sup>1</sup>

Dear Sir/Madam,

**Statements issued by the Financial Action Task Force (“FATF”)**

Further to our letter of 12 July 2024, we are writing to inform you of the following developments:

(1) High-Risk Jurisdictions subject to a Call for Action

(a) Jurisdictions subject to a FATF call on its members and other jurisdictions to apply countermeasures – The Democratic People’s Republic of Korea (“DPRK”) and Iran

DPRK

The FATF remained concerned by the DPRK’s continued failure to address the significant deficiencies in its anti-money laundering and counter-financing of terrorism (“AML/CFT”) regime and the serious threats posed by the DPRK’s illicit activities related to the proliferation of weapons of mass destruction and its financing.

DPRK has increased connectivity with the international financial system which raises proliferation financing risks. The FATF therefore calls for greater vigilance and renewed implementation and enforcement of countermeasures against the DPRK.

Iran

Given Iran’s failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, the FATF fully lifts the suspension of

---

<sup>1</sup> Definition of IIs should be construed in conjunction with the Guideline on Anti-Money Laundering and Counter-Terrorist Financing (“GL3”), i.e. authorized insurers and reinsurers carrying on long term business, and licensed individual insurance agents, licensed insurance agencies and licensed insurance broker companies carrying on regulated activities in respect of long term business.

countermeasures and call on its members and urges all jurisdictions to apply effective countermeasures, in line with Recommendation 19.

The FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system until Iran implements the measures required to address the deficiencies identified with respect to countering terrorism-financing in the Action Plan.

The statement on the aforesaid high-risk jurisdictions subject to a Call for Action can be found on the website of the FATF (<https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2024.html>).

- (b) Jurisdiction subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction – Myanmar

The FATF urged Myanmar to work to fully address its AML/CFT deficiencies. Despite recent progress, it will remain on the list of countries subject to a call for action until its full action plan is completed. The call by the FATF on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from Myanmar in the October 2022 statement remains in effect. In this connection, IIs should apply enhanced due diligence measures, proportionate to the risks, to business relationships and transactions with natural and legal persons from Myanmar.

(2) Jurisdictions under Increased Monitoring

In addition, the FATF issued an updated statement on Jurisdictions under Increased Monitoring which can be found on the website of the FATF (<https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-october-2024.html>).

The statement sets out the list of jurisdictions that have committed to resolve swiftly strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing within agreed timeframes and are subject to increased monitoring. The FATF will closely monitor the progress made by these jurisdictions in addressing the identified strategic deficiencies and encourages its members to take into account the information presented in the statement in their risk analysis.

As the FATF will continue to assess the progress made by these jurisdictions in addressing the deficiencies in their AML/CFT systems and issue updated statements from time to time, IIs are reminded to browse the website of the FATF for the latest information.

(3) Other Outcomes from the FATF Plenary, 23 – 25 October 2024

In addition to the statements in (1) and (2) above, the FATF also published various other outcomes of its recent Plenary which may be of interest to IIs, including the following:-

- (a) the FATF has revised its guidance for a national money laundering risk assessment to reflect experiences and lessons it has learnt since 2013, when the guidance was first issued. The new guidance will be published and help countries, and in particular low-capacity countries, understand and mitigate their illicit finance risks; and
- (b) the FATF has released for public consultation proposed revisions to the FATF Standards (mainly Recommendation 1 on assessing risk and applying a risk-based approach) to support financial inclusion. The revisions aim to encourage countries to allow simplified measures as appropriate where countries assess risks to be lower.

Further information on the FATF Plenary's outcomes can be found on the website of the FATF (<https://www.fatf-gafi.org/en/publications/Fatfgeneral/outcomes-fatf-plenary-october-2024.html>).

Should you have any enquiries regarding the above, please contact Mr Joseph Lee at 3899 9755 or Mr Jonathan Fung at 3899 9994.

Yours faithfully,

Dickson Chui  
Senior Manager  
Conduct Supervision Division  
Insurance Authority

c.c. The Hong Kong Federation of Insurers  
Professional Insurance Brokers Association  
The Hong Kong Confederation of Insurance Brokers