

Our Ref: INS/TEC/6/45

8 March 2024

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

Dear Sirs,

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

Further to our letter of 9 November 2023, 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 – Iran and the Democratic People’s Republic of Korea

Since February 2020, in light of the COVID-19 pandemic, the FATF has paused the review process for Iran and the Democratic People’s Republic of Korea, given that they are already subject to the FATF’s call for countermeasures. Iran reported in January 2024 with no material change in the status of its action plan. Thus, the FATF issued a statement on 23 February 2024<sup>2</sup> reiterating its call to apply countermeasures<sup>3</sup> on these high-risk jurisdictions included in its statement of February 2020<sup>4</sup>.
  - (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

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<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.

<sup>2</sup> The February 2024 statement can be found on the website of the FATF (<https://www.fatf-gafi.org/content/fatf-gafi/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-february-2024.html>).

<sup>3</sup> Please refer to our circular issued on 18 March 2020 ([https://www.ia.org.hk/en/legislative\\_framework/circulars/antimoney\\_laundering/files/cir\\_aml\\_20200318\\_nosigned.pdf](https://www.ia.org.hk/en/legislative_framework/circulars/antimoney_laundering/files/cir_aml_20200318_nosigned.pdf)).

<sup>4</sup> The February 2020 statement can be found on the website of the FATF (<https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-february-2020.html>)

Meanwhile, the call by the FATF on its members and other jurisdictions<sup>2</sup> to apply enhanced due diligence measures proportionate to the risks arising from Myanmar in the October 2022 statement remains in effect.

Since October 2023, Myanmar took steps to prioritise inspection of certain DNFBP sectors on a risk basis, however overall progress continues to be slow. The FATF urged Myanmar to work to fully address its AML/CFT deficiencies and it will remain on the list of countries subject to a call for action until its full action plan is completed.

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-february-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, 21 – 23 February 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. They include, for example:-

- (a) the risk-based guidance on beneficial ownership and transparency of legal arrangements has been updated and will be published at the end of February, which will help identify the corrupt, sanctions evaders, money launderers and tax evaders who hide or launder their criminal property or activities in shell companies or other complex structures as well as trusts or other legal arrangements; and

- (b) A public consultation on Recommendation 16 on payment transparency has been published, which aim to help make cross-border payments faster, cheaper, more transparent and more inclusive whilst ensuring AML/CFT compliance, and ensure that FATF Recommendation 16 remains technology-neutral.

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-february-2024.html>).

Should you have any enquiries regarding the above, please contact Mr Raven Chan at 3899 9754 or Mr Timothy Yim at 3899 9832.

Yours faithfully,

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Insurance Authority

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