

Our Ref: INS/TEC/6/45

8 November 2022

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 5 July 2022, 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. Therefore, the FATF issued a statement on 21 October 2022<sup>2</sup> advising its members to refer to the statement on these jurisdictions adopted in February 2020. While the aforesaid February 2020 statement may not necessarily reflect the most recent status of Iran and the Democratic People’s Republic of Korea’s AML/CFT regimes, the FATF’s call to apply countermeasures on these high-risk jurisdictions remains in effect<sup>3</sup>. The statement identifying high-risk jurisdictions subject to a call for action in February 2020 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>).

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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 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-october-2022.html>).

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

(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

Meanwhile, the FATF calls on its members and other jurisdictions, in the statement issued on 21 October 2022<sup>2</sup>, to apply enhanced due diligence measures proportionate to the risks arising from Myanmar.

Given the continued lack of progress and the majority of action items in relation to Myanmar's strategic deficiencies were still not addressed after a year beyond the action plan deadline, the FATF decided that the aforesaid further action was necessary in line with its procedures. 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/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-october-2022.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, 20 – 21 October 2022

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, the release of both draft Guidance on Beneficial Ownership and proposed revisions to Recommendation 25 on transparency and beneficial ownership of legal arrangements for public consultation. Further information on the FATF Plenary's outcomes can be found on the website of the FATF (<https://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-october-2022.html>).

Should you have any enquiries regarding the above, please contact Mr Joseph Lee at 3899 9755 or Miss Stephanie Luk at 3899 9758.

Yours faithfully,

Dickson Chui  
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Market Conduct Division  
Insurance Authority

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