

Our Ref: INS/TEC/6/45

14 July 2020

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

Dear Sirs,

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

Further to our letter of 18 March 2020, we are writing to inform you of the following developments:

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

As the FATF decided on a general pause in the review process for this list in April 2020 in response to the COVID-19 crisis, the FATF has issued a statement on 30 June 2020² advising its members to refer to the list of high-risk jurisdictions subject to a call for action adopted in February 2020, namely Iran and the Democratic People’s Republic of Korea. While the aforesaid February 2020 statement may not necessarily reflect the most recent status in Iran and the Democratic People’s Republic of Korea’s AML/CFT regime, the FATF’s call for action on these high-risk jurisdictions remains in effect³. 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>).

/...

¹ Definition of IIs should be construed in conjunction with the Guideline on Anti-Money Laundering and Counter-Terrorist Financing, 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.

² The statement can be found on the website of the FATF (<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/call-for-action-june-2020.html>).

³ 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).

(2) Jurisdictions under Increased Monitoring

In response to the COVID-19 crisis, the FATF decided on a general pause in the review process for the list of jurisdictions under increased monitoring in April 2020, and granted the jurisdictions under increased monitoring an additional four months for deadlines, with the exception of Mongolia and Iceland who requested to continue on their original schedule. The FATF reviewed and virtually met with these two jurisdictions and the result of these discussions is set out in the FATF's updated statement, 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-june-2020.html>). Meanwhile, the statement on Jurisdictions under Increased Monitoring adopted in February 2020 remains in effect for the remaining jurisdictions identified at that time. The statement can be found on the website of FATF (<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-february-2020.html>).

The FATF will closely monitor the implementation of action plans by the jurisdictions under increased monitoring and encourages its members to consider in their risk analysis the information presented in the FATF statements.

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 Virtual Plenary, 24 June 2020

In addition, the FATF has published various outcomes of its recent Virtual Plenary which may be of interest to you. Further information can be found on the website of the FATF (<http://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-fatf-plenary-june-2020.html>).

/...

Should you have any enquiries regarding the above, please contact Mr Steven Ho at 3899 9752 or Mr James Luo at 3899 9773.

Yours faithfully,

Dickson Chui
Senior Manager
Market Conduct Division
Insurance Authority

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