

6 September 2019

Our Ref: INS/TEC/6/45

To: Chief Executives of all authorized insurers
carrying on long term business

Dear Sirs,

Mutual Evaluation Report of Hong Kong

We are writing to draw your attention to the Mutual Evaluation Report of Hong Kong (“the ME Report”) published by the Financial Action Task Force (“FATF”) and Asia/Pacific Group on Money Laundering (“APG”) on 4 September 2019. The ME Report provides an assessment in regard to the compliance and effectiveness of Hong Kong’s anti-money laundering and counter-terrorist financing (“AML/CTF”) regime against the international standards. It was prepared by an assessment team comprising experts from member jurisdictions of the FATF and the APG, and was examined and adopted by the membership of the FATF and the APG.

The ME Report commends Hong Kong for having a strong legal foundation and effective system for combating money laundering and terrorist financing (“ML/TF”), in particular in the areas of risk identification, law enforcement, asset recovery, counter-terrorist financing and international co-operation. Hong Kong’s AML/CTF regime is assessed to be compliant and effective overall, making it the first jurisdiction in the Asia-Pacific region to have achieved an overall compliant result in the current round of FATF evaluation.

The ME Report also recognizes that the IA implements appropriate risk-sensitive supervision, maintains an overall good understanding of the ML/TF risk at the sectoral and institutional level, and has a reasonable supervisory framework to monitor AML/CTF compliance. The IA’s good co-operation with other local financial regulators, the exchange of supervisory information with foreign counterparts through supervisory colleges for AML/CTF purposes, as well as its focus on key thematic areas, are all reflected positively in the ME Report.

Meanwhile, the ME Report also recognizes the insurance sector’s effort of putting in place internal systems and controls to mitigate ML/TF risks and its understanding of ML/TF risks and application of risk-based approach.

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We appreciate the support and commitment of the insurance sector on AML/CTF in the past years, which has contributed to the positive assessment outcome of this evaluation exercise. The assessment result is considered as an affirmation of our sector's concerted efforts in safeguarding Hong Kong's robust AML/CTF regime. The IA will continue to collaborate with the insurance sector and other relevant stakeholders to keep improving our sector's AML/CTF framework.

The ME Report can be found on the website of FATF (<http://www.fatf-gafi.org/publications/mutualevaluations/documents/mer-hong-kong-2019.html>).

Yours faithfully,

Dickson Chui
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c.c. Chairman, The Hong Kong Federation of Insurers