Financial Intelligence and Investigation Bureau
Hong Kong Police Force

Compliance Essentials in Insurance Industry

Suspicious Transaction Reports, and Introduction of STREAMS 2

Presented by:
Ms. CHAN Sze-wai, Ceci
(Senior Inspector of Police)

More Information
www.jfiu.gov.hk

Email Address
jfiu@police.gov.hk

Agenda of FIIB's Sharing

1. Introduction of FIIB and JFIU
2. Key Legislation and STR Reporting Regime
3. Introduction of STREAMS 2
4. STR Reporting in STREAMS 2
5. Introduction of MLEC
6. Money Laundering Landscape
7. Common Typologies, Case Sharing & Vulnerable Areas

About FIIB and JFIU

NARCOTICS BUREAU HONG KONG
香港毒品調查科

1989 — Expansion of FID and JFIU — 2021

FIIB
財富情報及調查科
FINANCIAL INTELLIGENCE AND INVESTIGATION BUREAU

Features of JFIU

Co-staffed

Co-staffed by HKPF and C&ED and based in Police Headquarters

Sole Agency in HK

Managing Suspicious Transaction Reporting Regime

Partnership

Financial Intelligence Exchange with LEAs and FIUs worldwide

Key Legislation

Cap. 405
Drug Trafficking (Recovery of Proceeds) Ordinance
販毒(追討得益)條例

Cap. 455
Organized and Serious Crimes Ordinance
有組織及嚴重罪行條例

Cap. 575
United Nations (Anti -Terrorism Mesaures) Ordinance
聯合國(反恐怖主義措施)條例

Cap. 615
AML &CFT Ordinance and Amendment
打擊洗錢及恐怖分子資金籌集(金融機構)條例及其修訂

Anti -Money Laundering (AML)

(s.25 of Cap. 405 - DTROP and s.25 of Cap. 455 - OSCO)

Any Person

- Knowing or having reasonable grounds to believe
- Any property
- In whole or in part or indirectly represents proceeds of drug trafficking or indictable offence
- Deals with the property
- Commits the offence

如有人

- 知道或有合理理由相信，
- 任何財產
- 全部或部分、直接或間接代表任何人的販毒/從可公訴罪行得益
- 而仍處理該財產
- 即屬犯罪

MAXIMUM PENALTY

FINE OF HKD 5 MILLIONS & 14 YEARS’ IMPRISONMENT

Counter Financing of Terrorism (CFT)

(s.7 of Cap. 575 - UNATMO)

Any Person

- Provide or collect by any means directly or indirectly
- Any property
- With the intention that the property be used or knowing that the property will be used
- In whole or in part to commit one or more terrorist acts

任何人

- 不得在下述情況以任何方法直接或間接提供或籌集財產:
- (1) 懷有將該財產的全部或部分用於作出一項或多於一項恐怖主義行為的意圖(不論該財產實際上有否被如此使用)；或
- (2) 知道該財產的全部或部分將會用於作出一項或多於一項恐怖主義行為(不論該財產實際上有否被如此使用)

MAXIMUM PENALTY

FINE & 14 YEARS' IMPRISONMENT

Suspicious Transactions Reporting

(s.25A(1) of Cap. 405 - DTROP; s.25A(1) of Cap. 455 - OSCO; and s12(1) of Cap. 575 - UNATMO)

Any Person

- Knows or suspects any property
- (1) represents / was used / is intended to be used in connection with the proceeds of drug trafficking / indictable offences or
- (2) is terrorist property
- Should disclose that knowledge or suspicion to an authorized officer (i.e. JFIU)

凡任何人

- 知道或懷疑任何財產
- (1) 全部或部分、直接或間接代表任何人的販毒/從可公訴罪行得益曾在與販毒/可公訴罪行有關的情況下使用；或擬在與販毒/可公訴罪行有關的情況下使用;或
- (2) 是恐怖分子財產；
- 該人須在合理範圍內盡快把該知悉或懷疑，連同上述知悉或懷疑所根據的任何事宜，向獲授權人披露 (i.e. JFIU)

MAXIMUM PENALTY

FINE OF HKD 50,000 &
3 MONTHS' IMPRISONMENT

STR Mechanism - Public -Private Partnership

Reporting Entities

e.g. Financial Institutions and Insurance Companies

- CDD, KYC
- Record Keeping
- STR Filing

Information

JFIU

- Maintaining STR Regime
- Intelligence Exchange
- International Cooperation
- Training and Outreach

Intelligence

LEA

e.g. HKPF, C&ED and ICAC

- Financial Investigation
- Asset Tracing
- Restraint
- Confiscation

Evidence

Reasons to report STRs

1. Legal obligations for all citizens in Hong Kong
2. No reporting threshold
3. Source of report and reported details will be kept confidential
4. Legal protection to civil and criminal liability

Reasons to report STRs
- IA Guideline on AML and CFT in 2023

Guideline on Anti-Money Laundering and Counter-Terrorist Financing

(For 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)

Contents **Page**

STR Reporting
- IA Guideline on AML and CFT in 2023

Guideline on Anti-Money Laundering and Counter-Terrorist Financing

(For authorized insurers and reinsurers ca… term business, and licensed individual ins… licensed insurance agencies and licensed in… companies carrying on regulated activities i… term business)

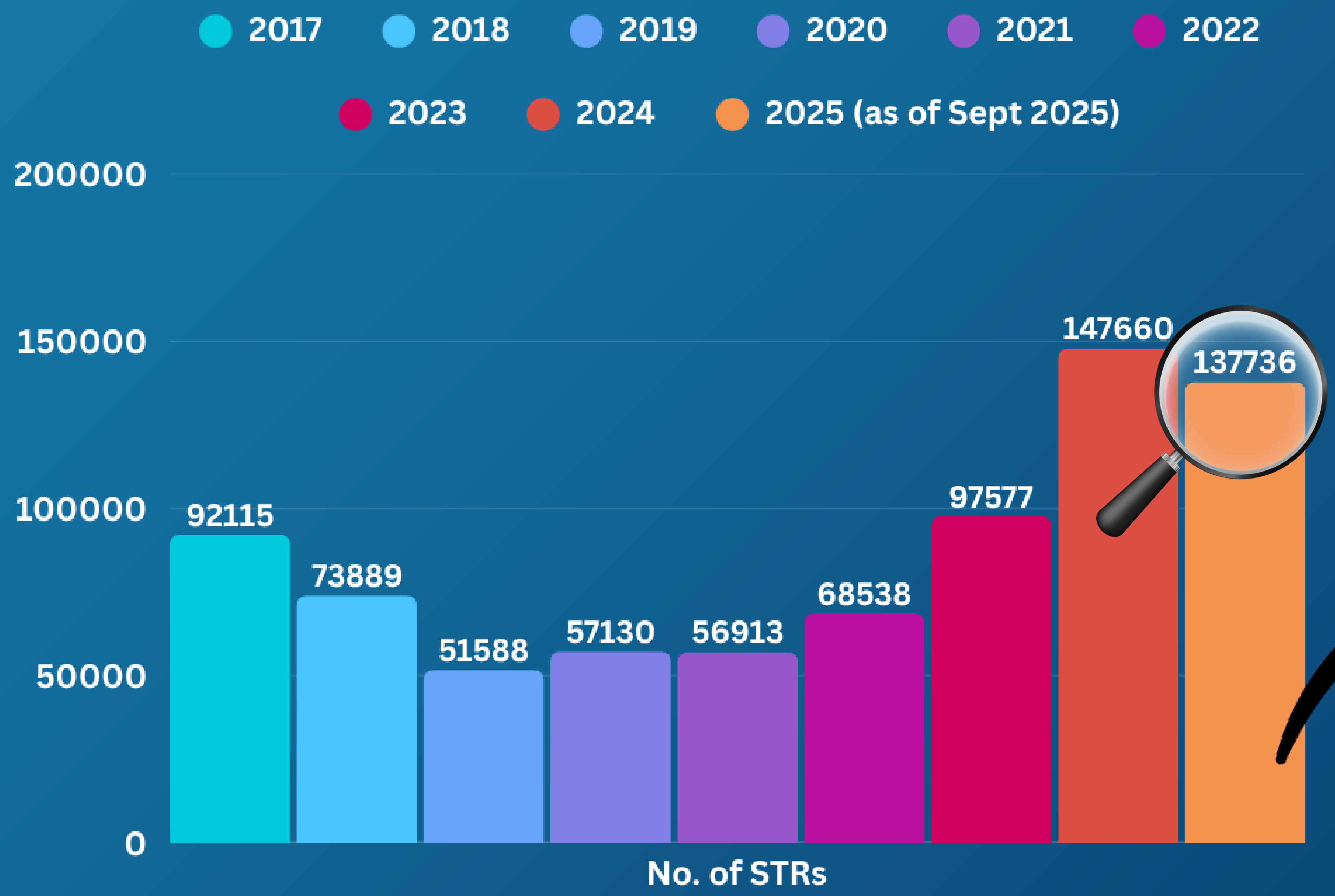
7.13	An II should establish and maintain clear policies and procedures to ensure that: (a) all staff are made aware of the identity of the MLRO and of the procedures to follow when making an internal report; and (b) all internal reports should reach the MLRO without undue delay.

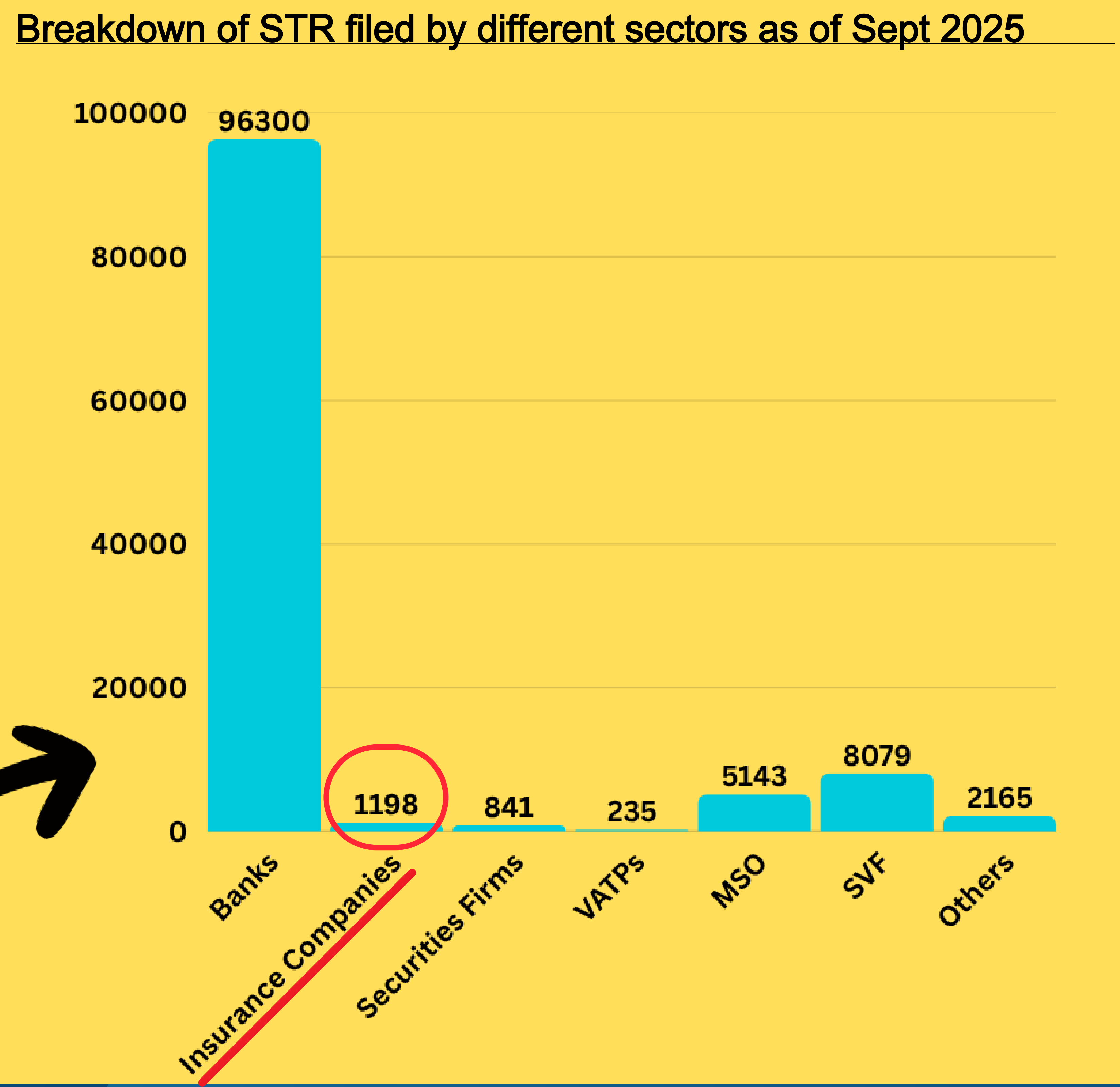
Reporting to the JFIU

	7.20	If after completing the review of the internal report, an MLRO decides that there are grounds for knowledge or suspicion, he should disclose the information to the JFIU as soon as it is reasonable to do so after his evaluation is complete together with the information on which that knowledge or suspicion is based. Dependent on when knowledge or suspicion arises, an STR may be made either before a suspicious transaction or activity occurs (whether the intended transaction ultimately takes place or not), or after a transaction or activity has been completed.

STR Statistics
- from 2017 to September 2025

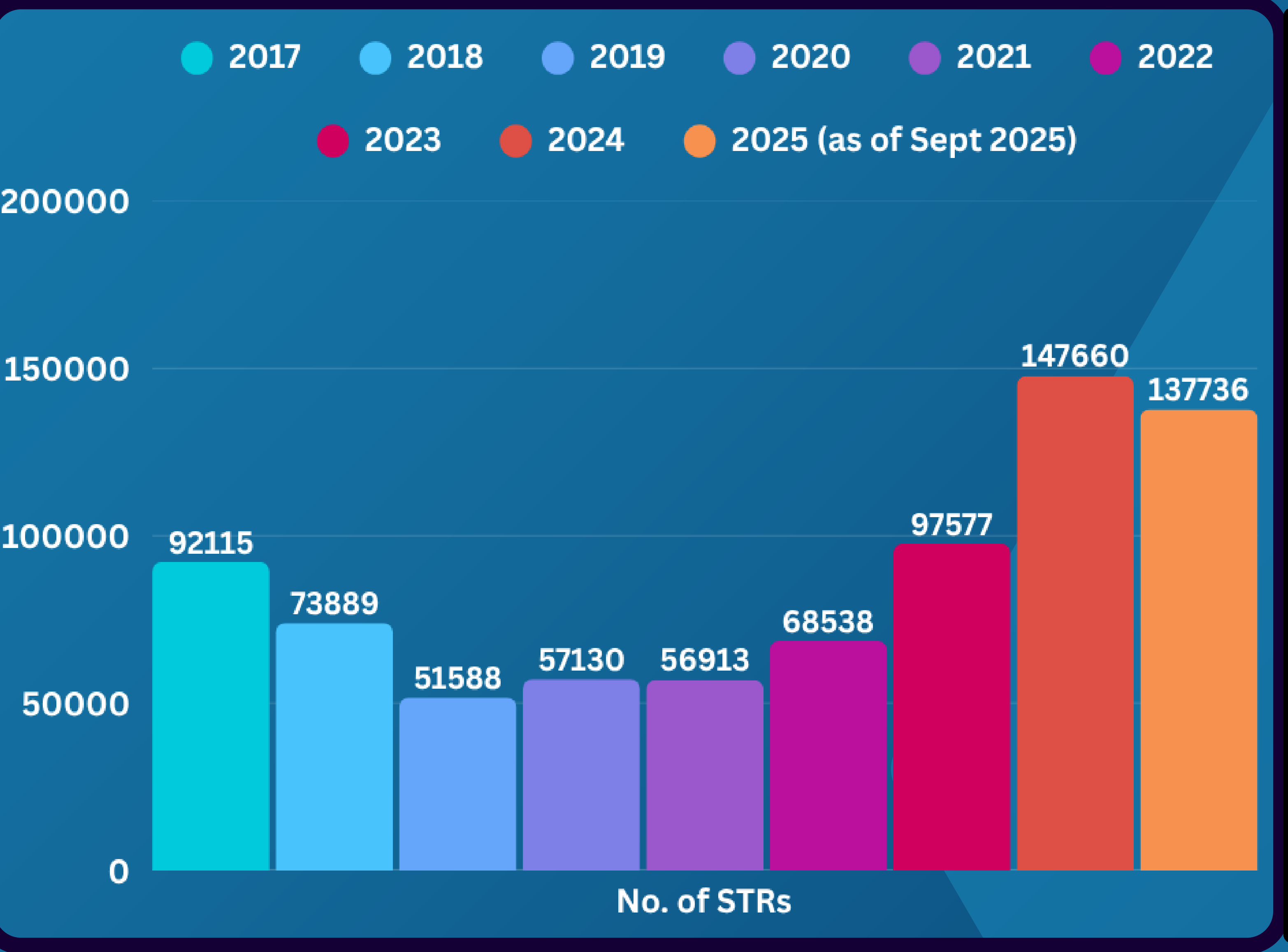
As of Sept 2025, JFIU received a total of 137,736 STRs. Of which, 1,198 STRs were submitted by insurance companies.

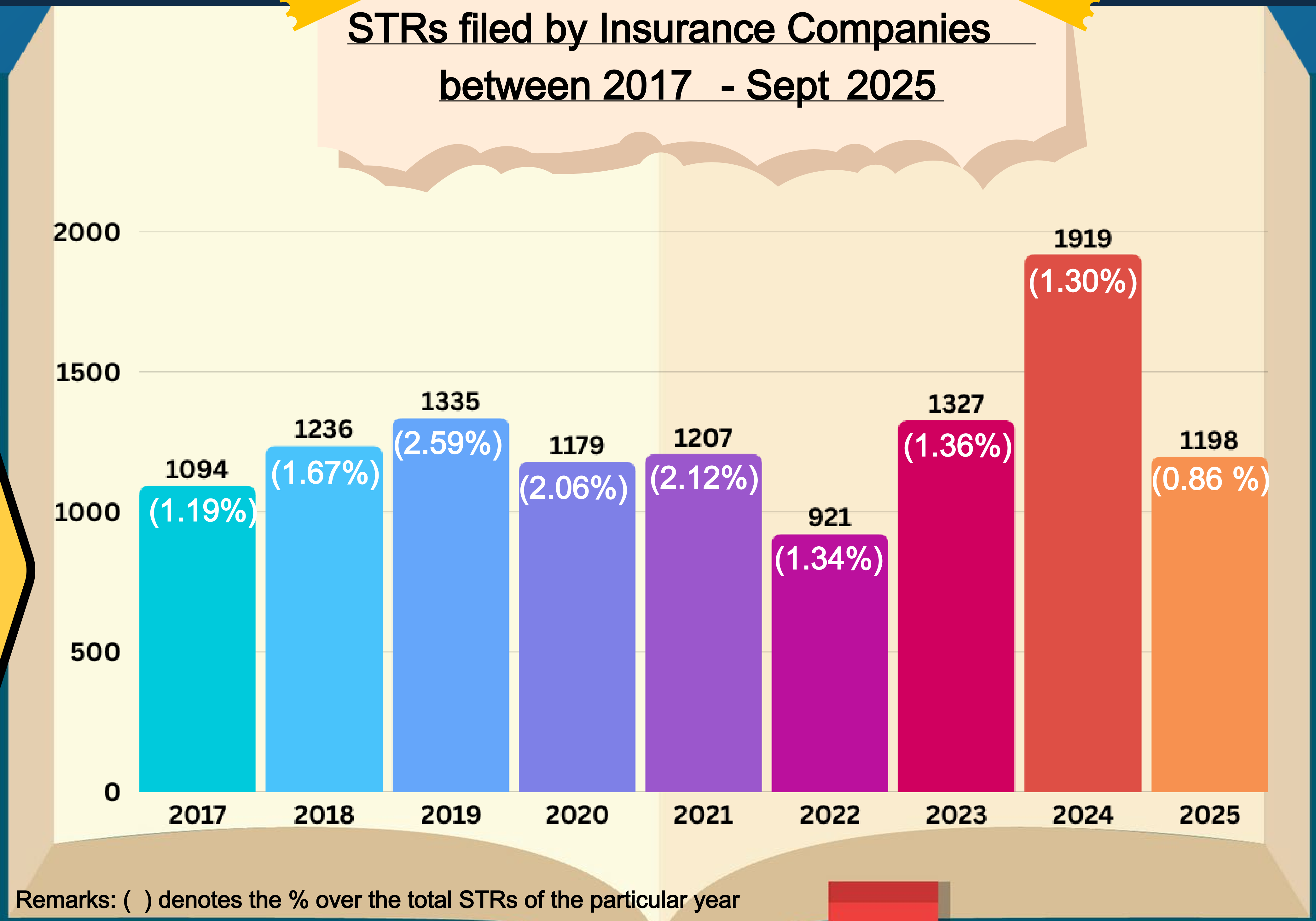




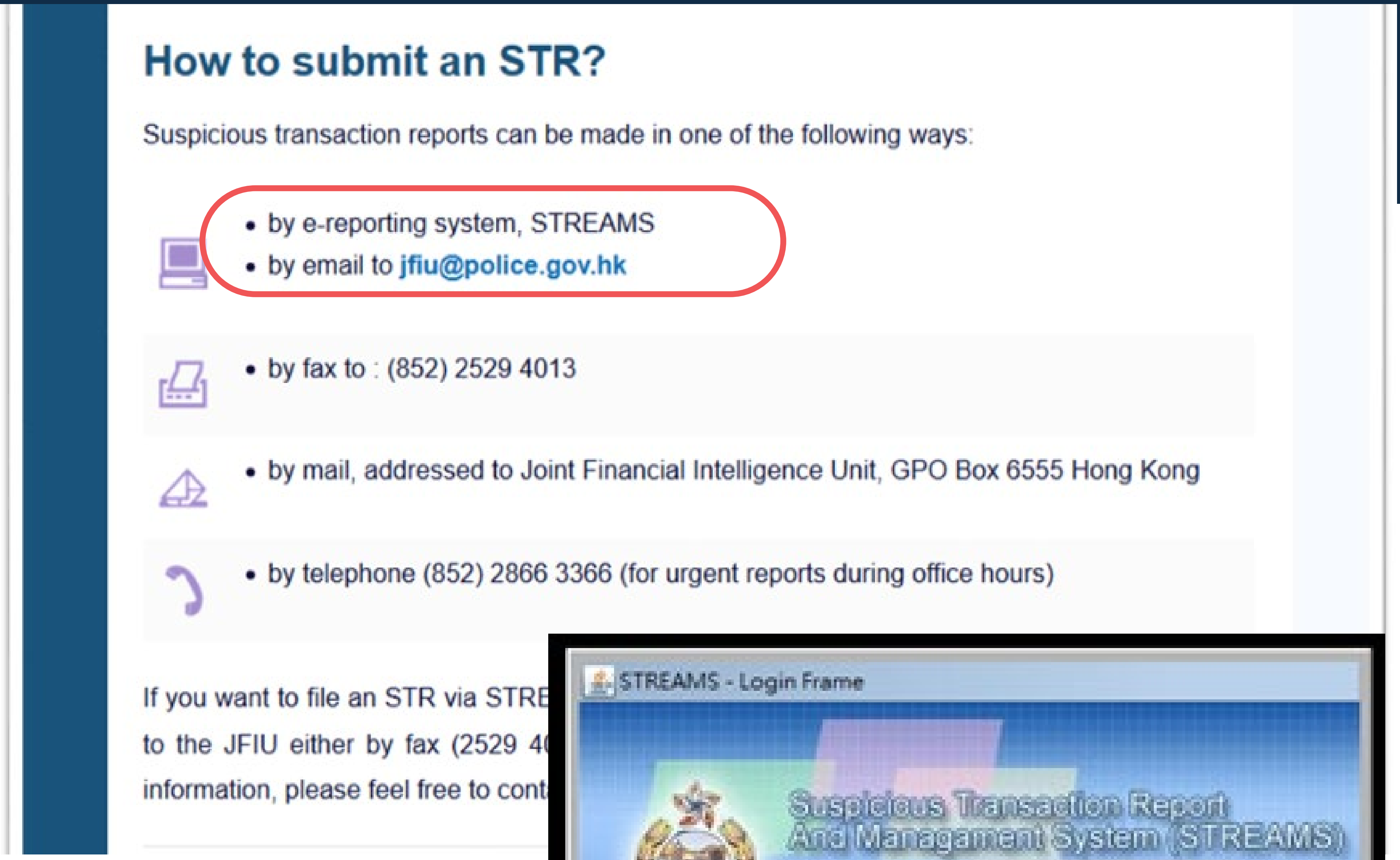
STR Statistics - from 2017 to Sept 2025

Between 2017 and Sept 2025, STRs filed by Insurance Companies remained constant, with an average number of 1,268 STRs (1.62%) per year.





Current STR Reporting Methods
- by email and e-submission (STREAMS)

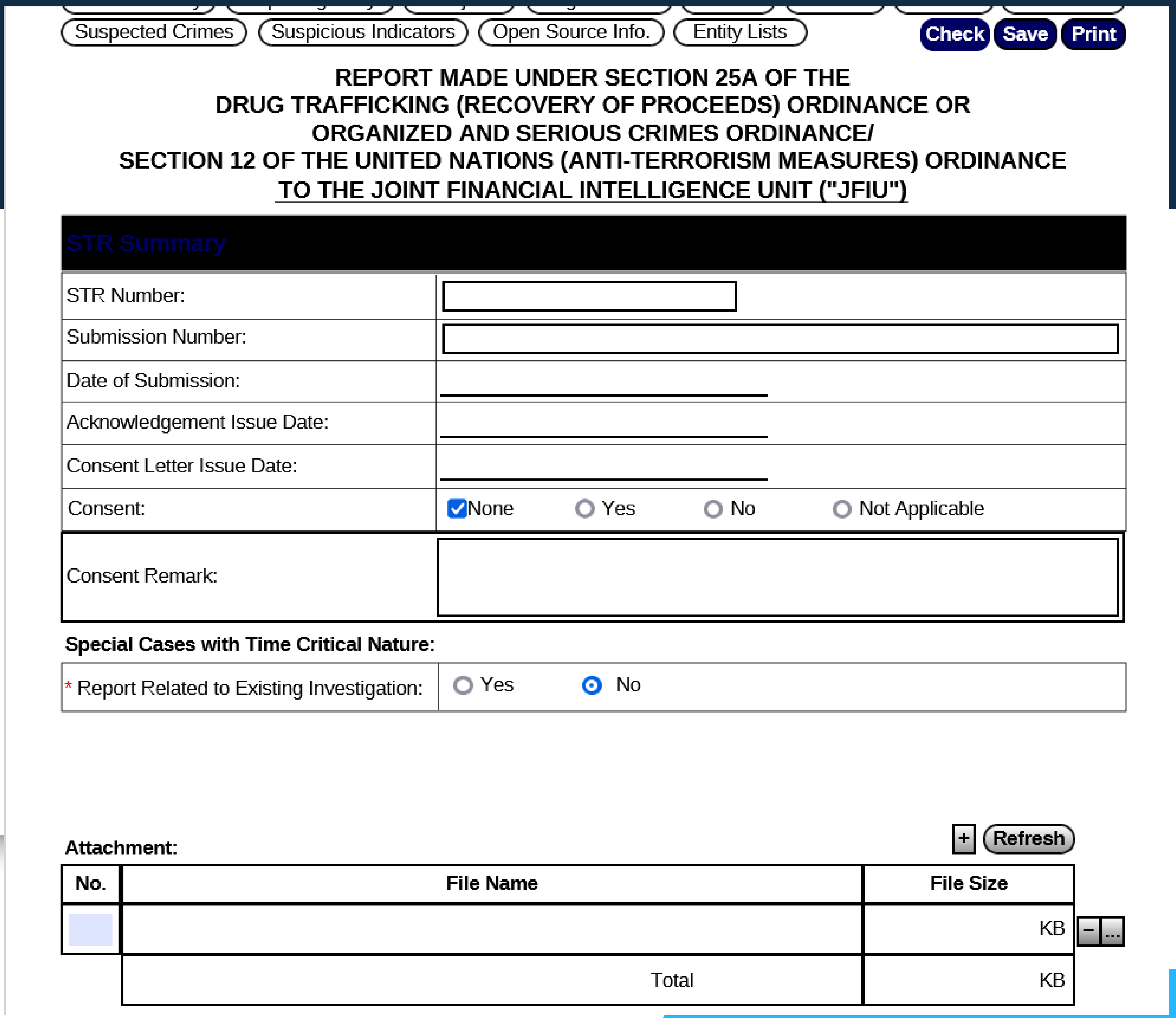


How to submit an STR?

Suspicious transaction reports can be made in one of the following ways:

- by e-reporting system, STREAMS
- by email to jfiu@police.gov.hk
- by fax to : (852) 2529 4013
- by mail, addressed to Joint Financial Intelligence Unit, GPO Box 6555 Hong Kong
- by telephone (852) 2866 3366 (for urgent reports during office hours)

If you want to file an STR via STRE
to the JFIU either by fax (2529 4
information, please feel free to cont



Suspected Crimes | Suspicious Indicators | Open Source Info. | Entity Lists | Check | Save | Print

REPORT MADE UNDER SECTION 25A OF THE
DRUG TRAFFICKING (RECOVERY OF PROCEEDS) ORDINANCE OR
ORGANIZED AND SERIOUS CRIMES ORDINANCE/
SECTION 12 OF THE UNITED NATIONS (ANTI-TERRORISM MEASURES) ORDINANCE
TO THE JOINT FINANCIAL INTELLIGENCE UNIT ("JFIU")

STR Summary	
STR Number:	
Submission Number:	
Date of Submission:	
Acknowledgement Issue Date:	
Consent Letter Issue Date:	
Consent:	☑ None ○ Yes ○ No ○ Not Applicable
Consent Remark:	

Special Cases with Time Critical Nature:

* Report Related to Existing Investigation:	○ Yes ◉ No

Attachment: + Refresh

No.	File Name	File Size
		KB
	Total	KB

Financial Intelligence and Investigation Bureau
Hong Kong Police Force

INTRODUCTION OF STREAMS 2

Enhanced Data Collection in STREAMS 2

- Comprehensive scope of information collected
- Facilitate big data analytics to identify network / trends effectively

Social Media	Digital Footprints	Address Format	Crypto - transactions
Capture relevant social media identifiers and activity	Collect IP, SSID, BSSID, Geohash Data, etc.	Standardised address input	Dedicated fields for crypto - transactions

Benefits of E-submission

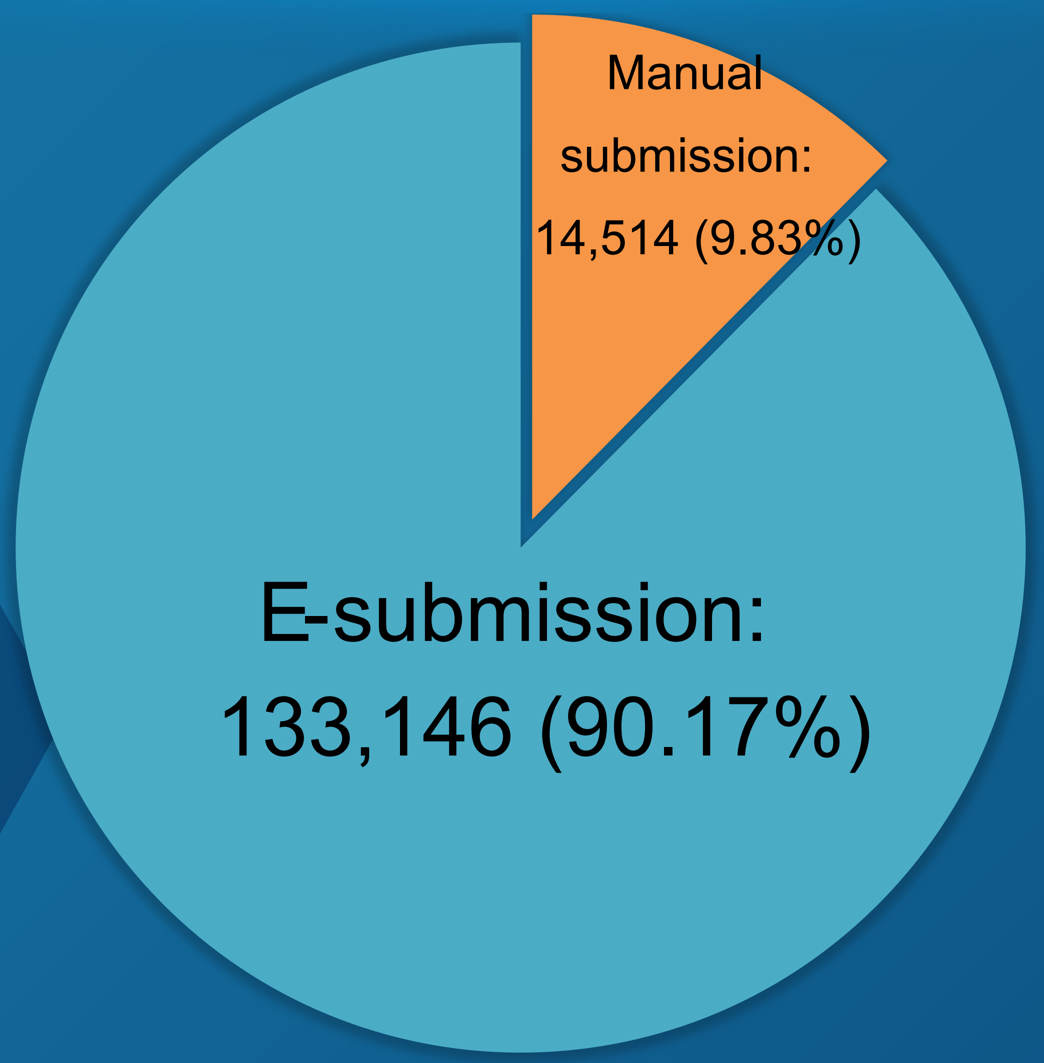
Negate the need of paper-based reporting

Free and secure system

Receive consent decision via STREAMS

Instant Acknowledgement

Total submission of STRs in 2024: 147,660



Mode of STR Submission in STREAMS 2

all regulated entities will be required to submit STRs by <u>electronic means</u>.

PDF Form — Structured PDF for offline completion and secure upload

Web Form — User-friendly online forms with built-in validation

XML — Direct system-to-system reporting

STR Form Enhancement in STREAMS 2

Comprehensive Data Fields in the Form

Mandatory Fields

- Core information required for all sector
- e.g. Phone number (8 digits for Hong Kong numbers and BR / CR No. for organisation)

Optional Fields (Sector Specific)

- Additional data points tailored to specific industry needs and transaction types

STR Form Enhancement in STREAMS 2

Comprehensive Data Fields in the Form

Example:

Account

No. 1

Name of Financial Institution	Others
Type	Policy Account
Opening Date	-
List of Product	Life Insurance
Premium Mode / Model	Yearly
If Others (Role)	-

Optional Fields (Sector Specific)

- Additional data points tailored to specific industry needs and transaction types

Financial Intelligence and Investigation Bureau
Hong Kong Police Force

STR REPORTING IN STREAMS 2

How to identify suspicion - SAFE Approach

SCREEN

Screen the account for suspicious indicators

ASK

Ask the customer appropriate questions

FIND

Find out the customer's records

EVALUATE

Evaluate the available information to determine if the transaction is suspicious

STR Reporting
- Red Flag Indicators

Policy Holders

- Policitally Exposed Person (PEP)
- Person / Corporate from high -risk country
- No known nexus in HK
- Suspected forged supporting document during policy applications

Transactions

- Premium payment from third party / cash / PPS
- Transactions incommensurate with client's background
- Transactions with unrelated parties / high -risk jurisdiction / sanction entity
- Early surrender of policy despite significant loss

STR Reporting
- Red Flag Indicators

Further enquiry

- Background check / open source research unveil adverse news / records
- Unwilling to respond to questions or answers are not convincing
- Unwilling to provide supporting documents

Evaluation

- Information from client is incommensurate with the record in hand
- Information from client could not be verified

STR Reporting in STREAMS 2 - STR Filing Format

Reporting Party | Subject | Organisation | Account | Transaction | Suspected Crimes | Suspicious Indicator

Organisation Name	Reporting Officer Name	Your Reference	Phone	Fax	Email *
Org Name	Testing Company				test@gmail.com

Industry Category *
Financial - Insurance Company

Disclosure-related Laws

- (◉) Drug Trafficking (Recovery of Proceeds) Ordinance [Cap.405]
- ( ) Organized and Serious Crimes Ordinance [Cap.455]
- ( ) United Nations (Anti-Terrorism Measures) Ordinance [Cap.575]
- ( ) Hong Kong National Security Law

Other Information:

Report related to previous / other disclosure ( ) Yes (◉) No

STR Reporting in STREAMS 2 - STR Filing Format

Reporting Party | Subject | Organisation | Account | Transact

Organisation Name
Org Name

Reporting Officer Name
Testing Company

Your Reference

Industry Category *
Financial - Insurance Company

Disclosure-related Laws

- Drug Trafficking (Recovery of Proceeds) Ordinance [Cap.405]
- Organized and Serious Crimes Ordinance [Cap.455]
- United Nations (Anti-Terrorism Measures) Ordinance [Cap.575]
- Hong Kong National Security Law

Other Information:

Report related to previous / other disclosure Yes No

Industry Category *
Financial - Insurance Company

- DNFBP - Lawyer
- DNFBP - Real Estate Agent
- DNFBP - Trust & Company Services Provider
- Financial - Bank
- Financial - Financial Company
- Financial - Insurance Company
- Financial - Investment Company
- Financial - Licensed Money Lender
- Financial - MSO / RAMC
- Financial - Securities Company
- Financial - Stored Value Facility Licensee

STR Reporting in STREAMS 2 - STR Filing Format

Reporting Party | Subject | Organisation | Account | Transaction | Suspected Crimes | Suspicious Indicator

Organisation Name	Reporting Officer Name	Your Reference	Phone	Fax	Email *
Org Name	Testing Company				test@gmail.com

Industry Category *
Financial - Insurance Company

Disclosure-related Laws

- (●) Drug Trafficking (Recovery of Proceeds) Ordinance [Cap.405]
- ( ) Organized and Serious Crimes Ordinance [Cap.455]
- ( ) United Nations (Anti-Terrorism Measures) Ordinance [Cap.575]
- ( ) Hong Kong National Security Law

Other Information:

Report related to previous / other disclosure ( ) Yes (●) No

STR Reporting in STREAMS 2 - STR Filing Format

(1) STR triggered by internal monitoring system

Disclosure-related Laws

- (●) Drug Trafficking (Recovery of Proceeds) Ordinance [Cap.405]
- ( ) Organized and Serious Crimes Ordinance [Cap.455]
- ( ) United Nations (Anti-Terrorism Measures) Ordinance [Cap.575]
- ( ) Hong Kong National Security Law

Other Information:

Report related to previous / other disclosure ( ) Yes (●) No

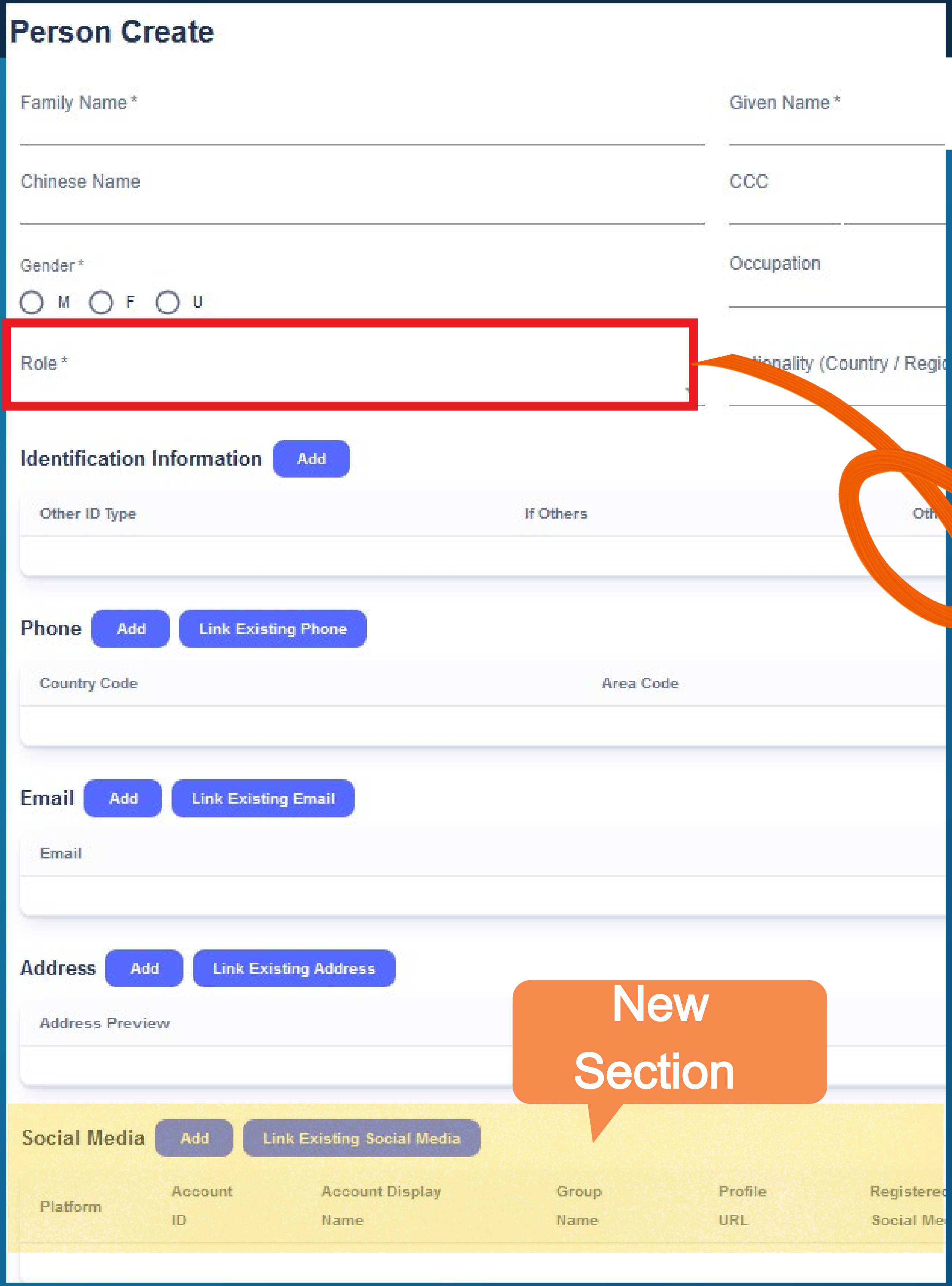
Other Information:

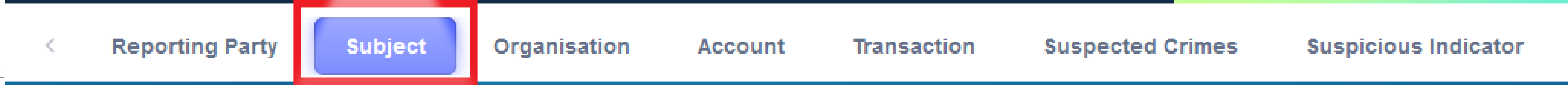
Report related to previous / other disclosure (●) Yes ( ) No

(2) STR triggered by LEA enquiry / intelligence

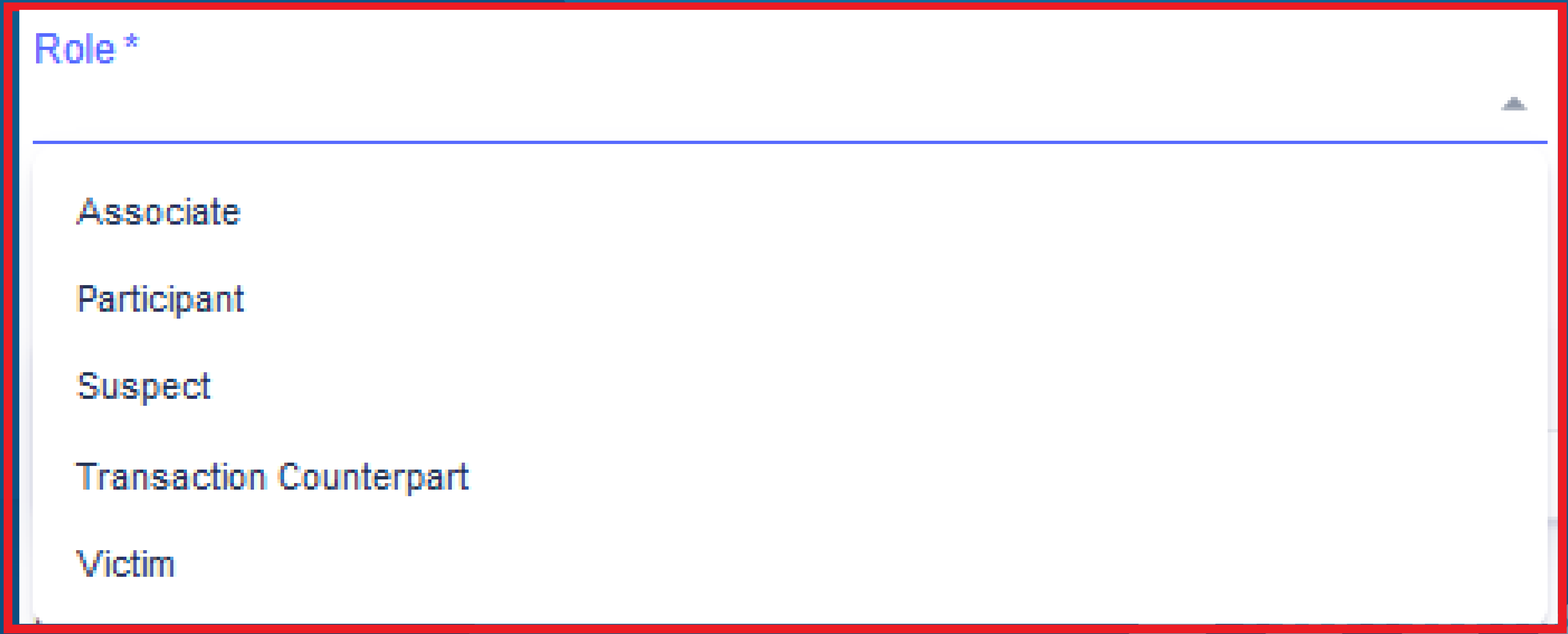
Your Previous Reference		
Previous STR No.		
ADCC Ref. No.		
Police Report No.		
Investigation Unit		+ −
Search Warrant (Writ No.)		+ −
FINEST ISR No.		+ −
Other LEA Reference No.	For IA reference [E.g. IA xxx]	+ −
( ) C&ED		
( ) ImmD		
( ) Others		
IRD Reference No.		+ −
SFC Reference No.		+ −

STR Reporting in STREAMS 2 - STR Filing Format

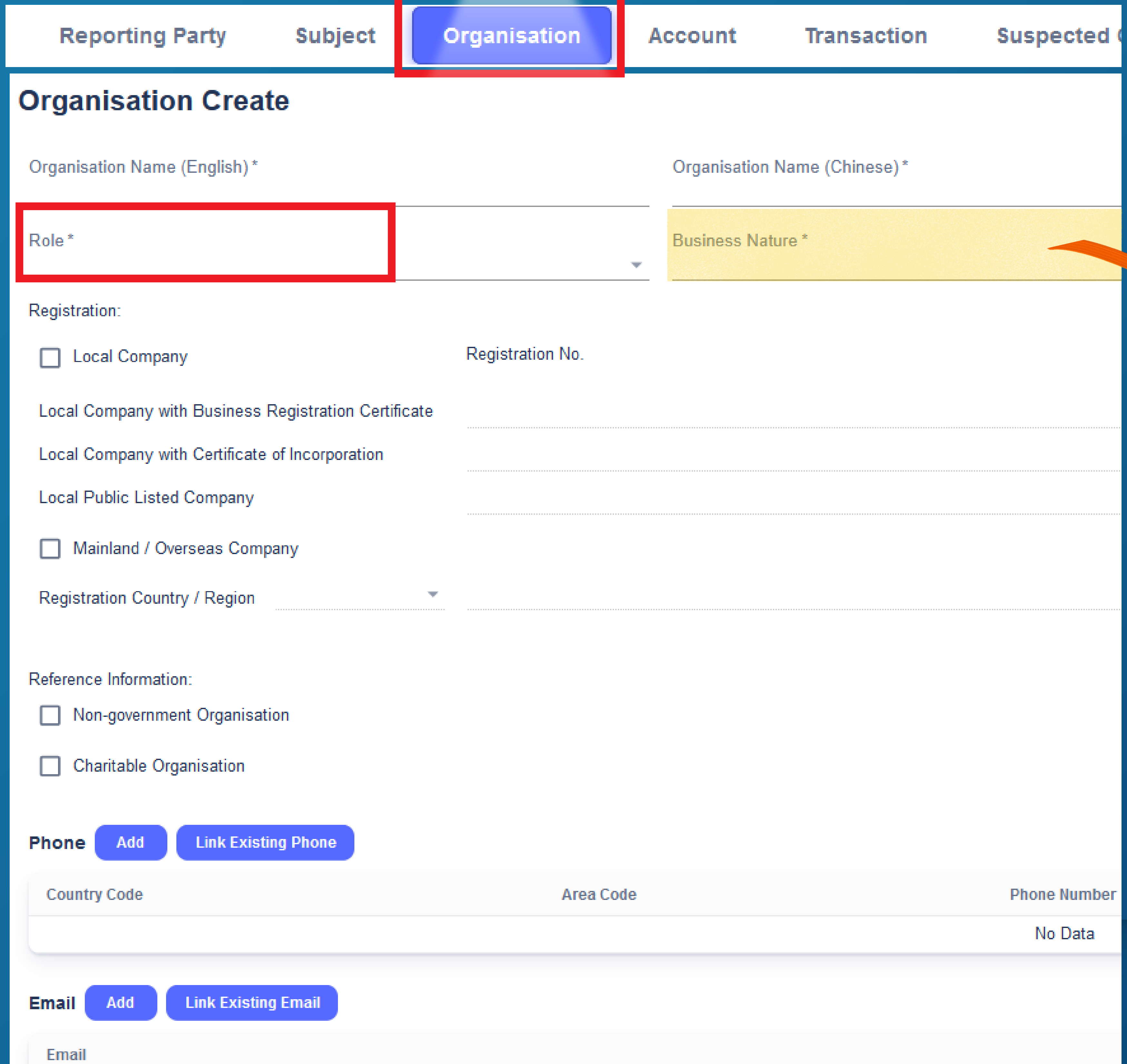




- Identification no., age, nationality, residential address, occupation, reported salary, source of wealth, etc.
- Specify the roles of the reported entities (suspect, victim, transaction counterparty, etc.)

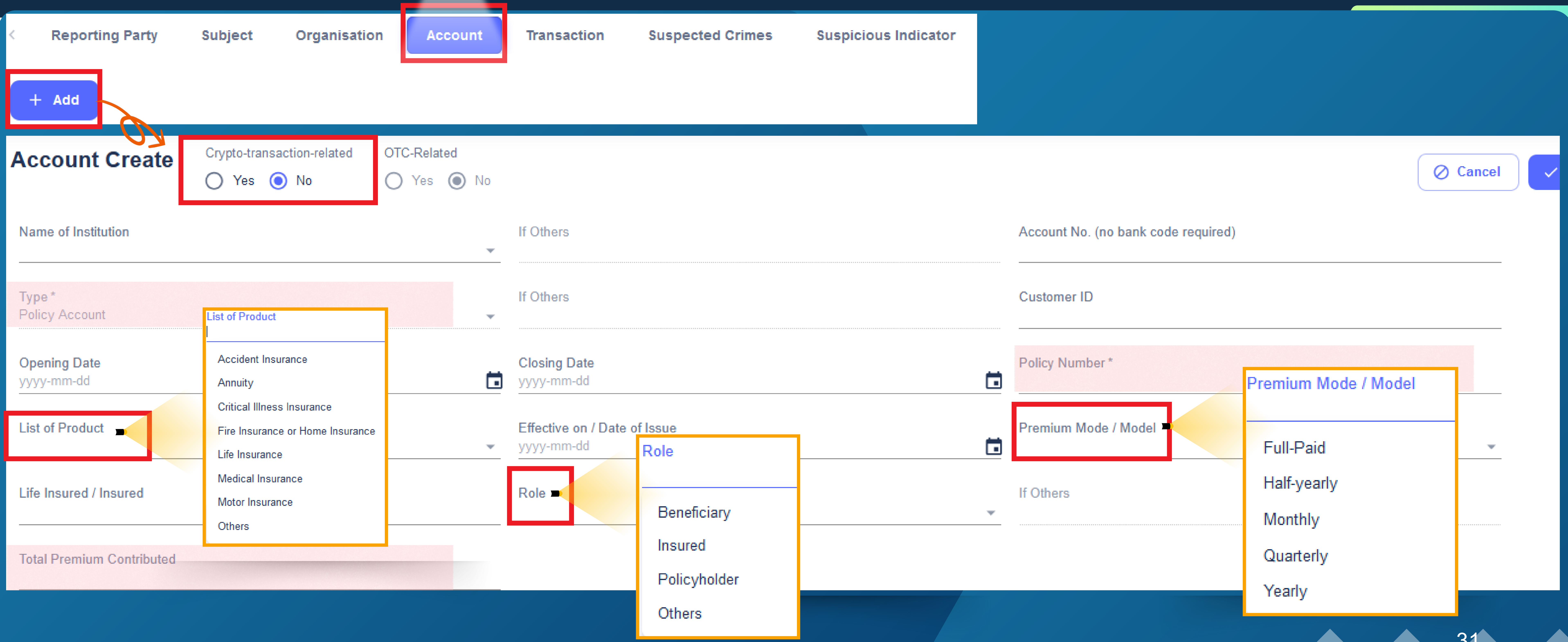


STR Reporting in STREAMS 2 - STR Filing Format

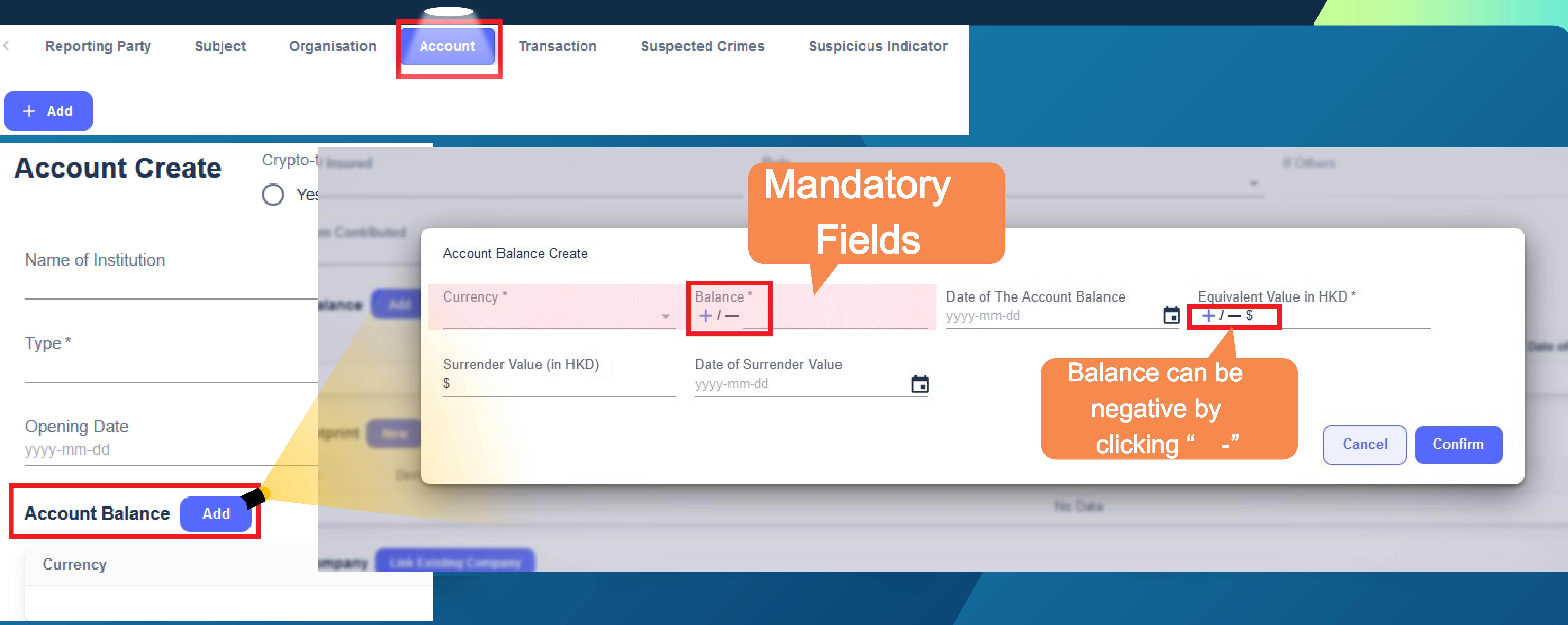


- unique identification no., place of incorporation, business nature
- details of connected parties (e.g. directors, shareholders and beneficial owners)

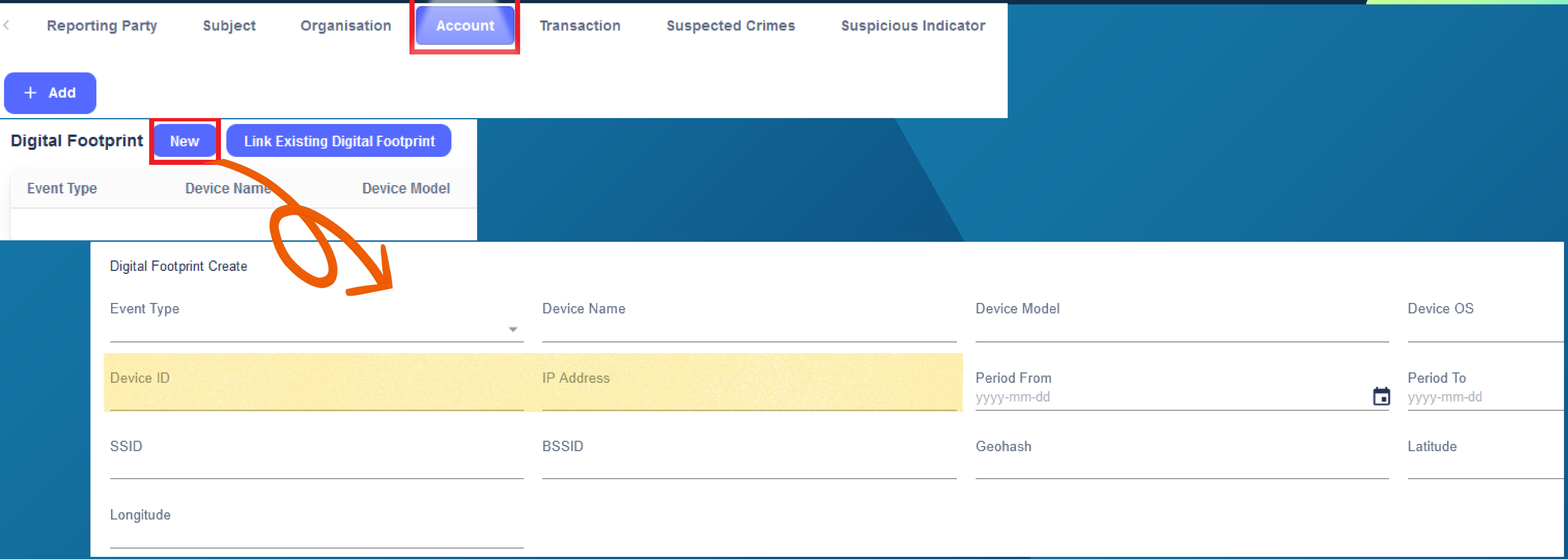
STR Reporting in STREAMS 2 - STR Filing Format



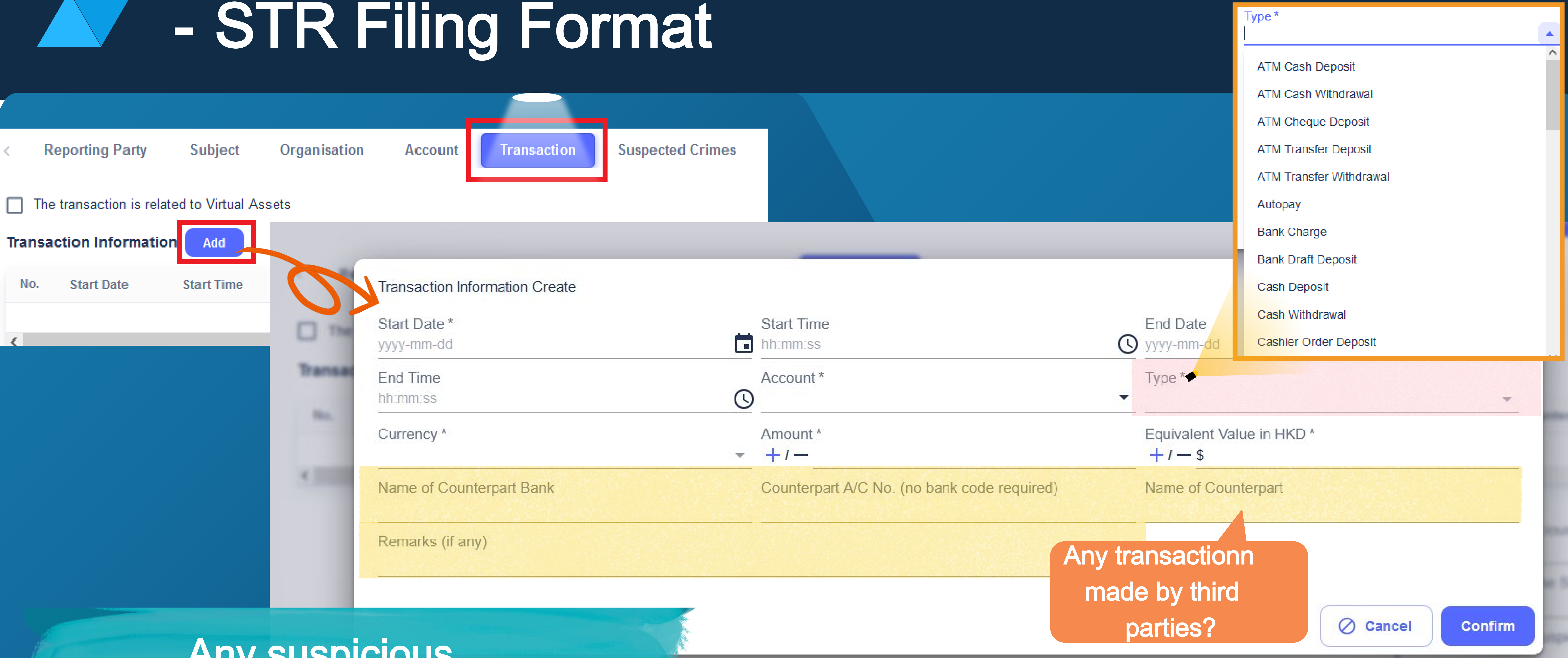
STR Reporting in STREAMS 2 - STR Filing Format



STR Reporting in STREAMS 2 - STR Filing Format



STR Reporting in STREAMS 2 - STR Filing Format



Any transactionn made by third parties?

Any suspicious transactions?

STR Reporting in STREAMS 2 - STR Filing Format

Reporting Party | Subject | Organisation | Account | Transaction | **Suspected Crimes** | Suspicious Indicator

Suspected Crimes Please put a " ✓ " in the appropriate box(es)

National Security

- [ ] Offence(s) Endangering National Security

Fraud

- [ ] Email Scam
- [ ] Investment Scam
- [ ] Romance Scam
- [ ] Telephone Deception
- [ ] Others (Please Specify) ....

Illicit Trade Activities

- [ ] Counterfeiting and Piracy of Products
- [ ] Dealing in Precious Metals and Stones without a license
- [ ] Endangered Species Smuggling
- [ ] Illicit Cigarettes
- [ ] Smuggling (including those related to customs and excise duties and taxes)
- [ ] Trade Based Money Laundering
- [ ] Unlicensed Money Service Operator (UMSO)

Other Crimes

- [ ] Bookmaking
- [ ] Crime under Gambling Ordinance
- [ ] Corruption and Bribery
- [ ] Counterfeiting Currency
- [ ] Kidnapping, Illegal Restraint and Hostage-Taking
- [ ] Money Laundering
- [ ] Murder, Grievous Bodily Injury
- [ ] Participation in an Organized Criminal Group and Racketeering

STR Reporting in STREAMS 2 - STR Filing Format

Reporting Party | Subject | Organisation | Account | Transaction | Suspected Crimes | **Suspicious Indicator**

Please put a " ✓ " in the selected box(es).

Fund Movement Pattern

- ☐ Indirect Transaction / Transaction Intended to Break Audit Trail
- ☐ Large Cash Transaction
- ☐ Numerous Transaction Counterparties without Apparent Reasonable Cause
- ☐ Temporary Repository of Fund
- ☐ Transactions Involving High-Risk Jurisdiction / Region
- ☐ Uneconomical Transaction / Transaction with No Business Purpose
- ☐ N/A

Customer Background / Behaviour

- ☐ Civil Servant-related
- ☐ Common IP Address

NEW

- ☐ Customer Evasive / Reluctant to Provide Information
- ☐ Customer Insisted to Use Less Secured Transaction Methods
- ☐ Politically Exposed Persons (PEP)
- ☐ Sanctions-related
- ☐ Shared Device

NEW

- ☐ Suspected Counterfeit Document Presented by the Customers
- ☐ Suspected Money Courier / Unlicensed Money Service Operator

Accounts

- ☐ Account Operated / Controlled by Third-Party Other Than Signatory / Account Holder
- ☐ Non Resident Personal Account
- ☐ Offshore Account (e.g. BVI Bank Account)
- ☐ Shell Company Account
- ☐ N/A

National Security Related

- ☐ A person is suspected of committing an offence endangering national security
- ☐ Transactions with specified absconders under Safeguarding National Security Ordinance
- ☐ Transactions with prohibited organisations under Safeguarding National Security Ordinance
- ☐ Transactions with high NS risk counterparties
- ☐ Others (Please Specify) ....
- ☐ N/A

Other Suspicious Indicator

- ☐ Casino-related Suspicious Transaction
- ☐ Charitable Organisation / NPO-related Suspicious Transaction
- ☐ Others (Please Specify) ....
- ☐ N/A

STR Reporting in STREAMS 2 - STR Filing Format

Narrative Comment about the Suspicious Transactions

1. Triggering Factors

- [ ] Commission / Types / Association of Offence
- [ ] Evidence of Suspicious Transaction Patterns
- [ ] Intelligence Received from LEAs
- [ ] Material from Publicly Available Information (e.g. adverse news, SFC alerts)
- [ ] Receipt of Search Warrant / Court Order
- [ ] Upstream Scam Intervention

2. Background of Person / Organisation

3. Details of Investigation / Transaction Analysis

4. Conclusions / Action Taken / Way Forward

Reporting Party | Subject | Organisation | Account | Transaction | Suspected Crimes | **Suspicious Indicator**

- Offence (Fraud, Corruption, Sanction, Terrorist Financing, National Security, etc .)
- Suspicious Transaction Patterns (Substantial Cash Deposits, Temporary Repository of Funds, etc .)
- Intelligence / Enquiry from LEAs (e.g. JFIU, CSTCB, ADCC)
- Publicly available information (Adverse News, ICAC Press Release, Sanction, etc .)
- Receipt of Search Warrant / Court Order
- Upstream Scam Intervention (Policy holder is victim)

STR Reporting in STREAMS 2 - STR Filing Format

Narrative Comment about the Suspicious Transactions

1. Triggering Factors

- [ ] Commission / Types / Association of Offence
- [ ] Evidence of Suspicious Transaction Patterns
- [ ] Intelligence Received from LEAs
- [ ] Material from Publicly Available Information (e.g. adverse news, SFC alerts)
- [ ] Receipt of Search Warrant / Court Order
- [ ] Upstream Scam Intervention

2. Background of Person / Organisation

3. Details of Investigation / Transaction Analysis

4. Conclusions / Action Taken / Way Forward

Reporting Party | Subject | Organisation | Account | Transaction | Suspected Crimes | **Suspicious Indicator**

- Nationality
- Type of ID document - HKID Holder, China Passport Holder, etc.
- Occupation / business nature, source of wealth, source of income
- Family background, if known - *e.g. Daughter of the policy holder (Ms. CHAN Xxx, HKID No.) also maintained business relationship with the insurer and displayed similar suspicion.*
- Date of commencing business relationship with the policy holder

STR Reporting in STREAMS 2 - STR Filing Format

Narrative Comment about the Suspicious Transactions

1. Triggering Factors

- [ ] Commission / Types / Association of Offence
- [ ] Evidence of Suspicious Transaction Patterns
- [ ] Intelligence Received from LEAs
- [ ] Material from Publicly Available Information (e.g. adverse news, SFC alerts)
- [ ] Receipt of Search Warrant / Court Order
- [ ] Upstream Scam Intervention

2. Background of Person / Organisation

3. Details of Investigation / Transaction Analysis

4. Conclusions / Action Taken / Way Forward

Reporting Party | Subject | Organisation | Account | Transaction | Suspected Crimes | **Suspicious Indicator**

- Review Period
- Transactions and linkage with suspicious counterparts / third party, if any
- KYC / RFI result
- Open source information / details of the adverse news / sanction list with website links
- Findings on the digital footprints, if any

- Further review
- Exit relationship

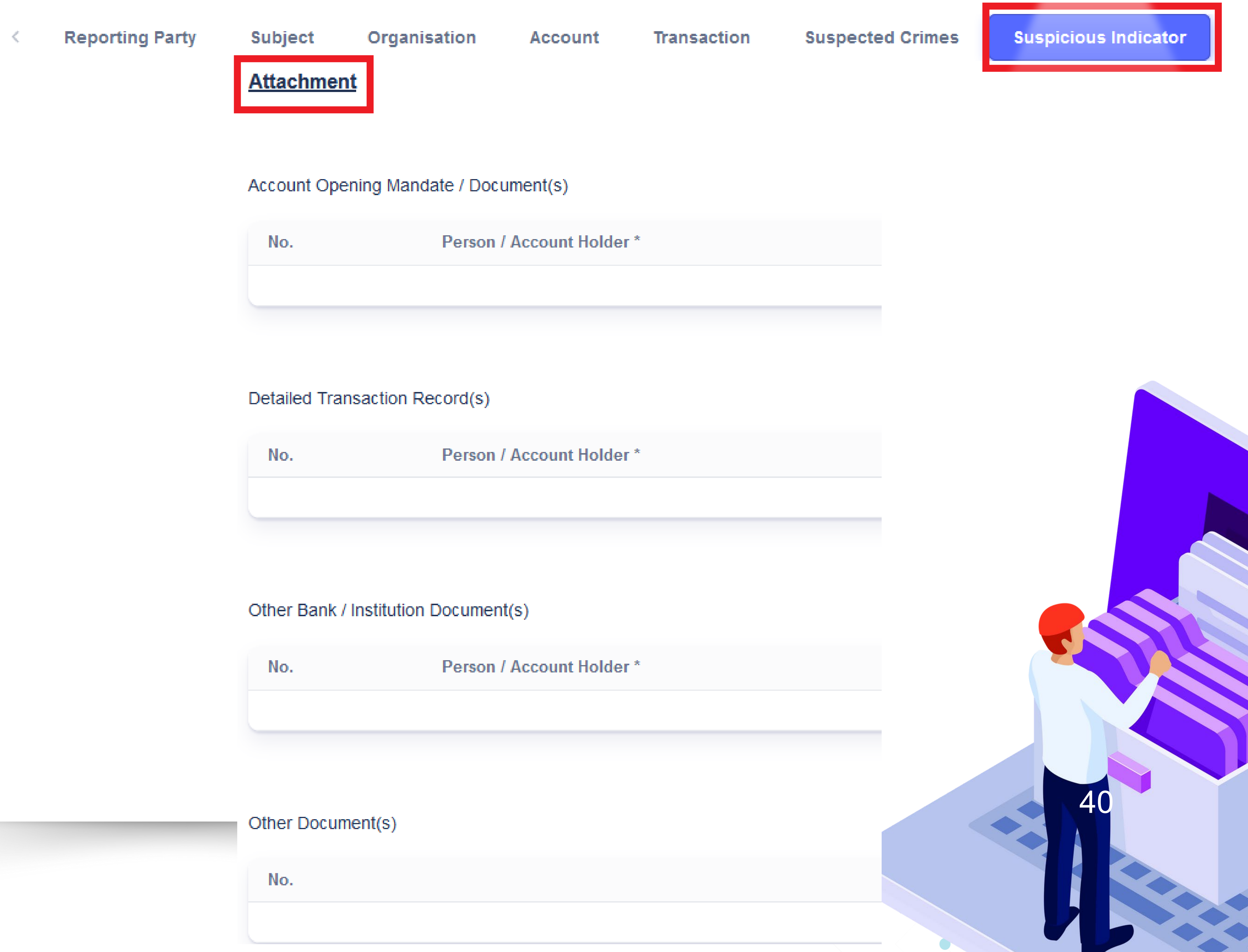
STR Reporting in STREAMS 2
- Appropriate File Attachments

Transaction Records in Excel Format

Insurance Policy Application Forms

Relevant Documents obtained during CDD Process

Records of Digital Footprints, if any



Observations on STRs received from reporting entities of Insurance Sector

Common pitfalls	Suggestions
(1) STR contains a group of unrelated subjects / did not specify their commonality in the narrative part	If there is no correlation among the subjects, report STR separately for each subject ; If there is syndication observed, specify the commonality in the narrative part
(2) Only mention "refer to Attachment" in the narrative part of the STR	Narrative comment should be include in the STR Form . Only transactions or other supporting documents should be provided in form of attachment
(3) Report STR solely because the bank of the same company group report STR of the subject	Compliance of the Insurance Company should critically review if the insurance policies of the same subject were used to channel illicit funds / related to terrorist financing

Feedback from JFIU

Acknowledgement of Receipt

Consent / No Consent / Not Applicable

Quarterly STR Analysis published by JFIU

Meetings with stakeholders

Upcoming Arrangement for STREAMS 2

Final UAT

- STR Submission
- Check STR status including consent decision
- Receive LNC and Notification Letters from Police

Seminar to different sectors

- Starting from October / November 2025

Enquiry Hotline (General)

- Senior Inspector Owen TSE
- Tel: 3660 0533 / Email : owencytse@police.gov.hk

Enquiry Hotline (Technical)

- System Analyst Mr. Christopher CHAN
- Tel: 3660 9682 / Email : christopherchan@police.gov.hk

TIMELINE OF LAUNCHING STREAMS 2

01

Sept 2025

Deadline of submitting email address for STREAMS 2 login during UAT

02

Oct 2025

Final UAT for reporting entity

03

Oct - Nov 2025

Seminars for industries practitioners

04

Dec 2025 – Jan 2026

Arrange account opening of STREAMS 2

05

Jan 2026 (Tentatively)

Launch of STREAMS 2

Financial Intelligence and Investigation Bureau
Hong Kong Police Force

Compliance Essentials in Insurance Industry

Money Laundering Risk, Common Typologies and Case Sharing

Presented by:

Mr. KWOK Chun -kit

(Superintendent of Police, Money Laundering Expert Cadre)

More Information
www.jfiu.gov.hk

Email Address
jfiu@police.gov.hk

About Money Laundering Expert Cadre (MLEC)

- Established in Oct 2022
- 51 officers
- Recognized as Expert in Court

O B J E C T I V E S o f M L E C

Professionalism
Strengthening the Force's professionalism and capability in combating ML activities

Support Frontline
Supporting the frontline in financial investigations

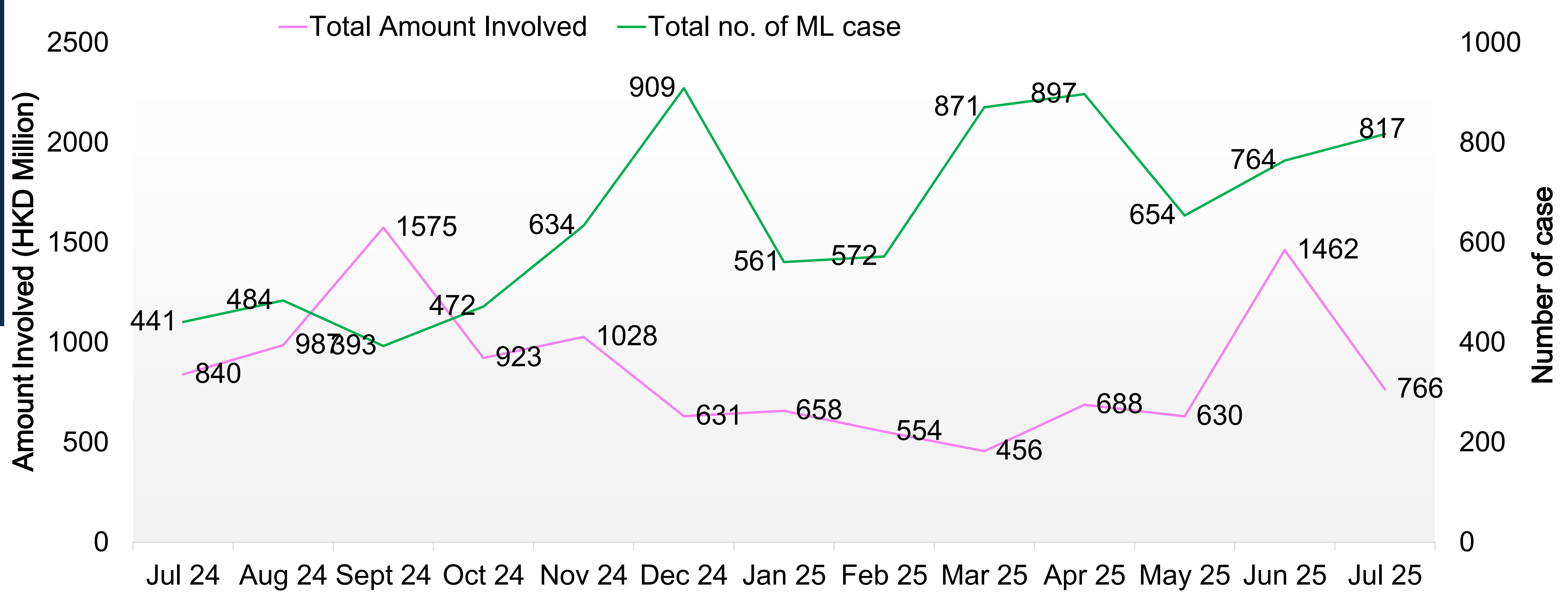
Expert Opinion
Giving Expert Evidence in Court

OSCO Enhancement
Applying for enhanced sentencing in ML cases

Financial Intelligence and Investigation Bureau
Hong Kong Police Force

Hong Kong ML Landscape

Hong Kong ML Landscape



	Jan-Jul 2024	Jan-Jul 2025	Change
Total no. of ML case	**3,808**	**5,136**	**⬆ 1,328 or 34.9%**
Total Amount Involved (HKD)	**8,651.4M**	**5,214.8M**	**⬇ 3,436.6 or 39.7%**

Fraud/Deception remains at top threat

- Cases: 98.3%
- Proceeds: 84.3%

Domestic vs Other Jurisdictions

- Case: 59% vs 41%
- Proceeds: 33% vs 67%

Hong Kong ML Landscape

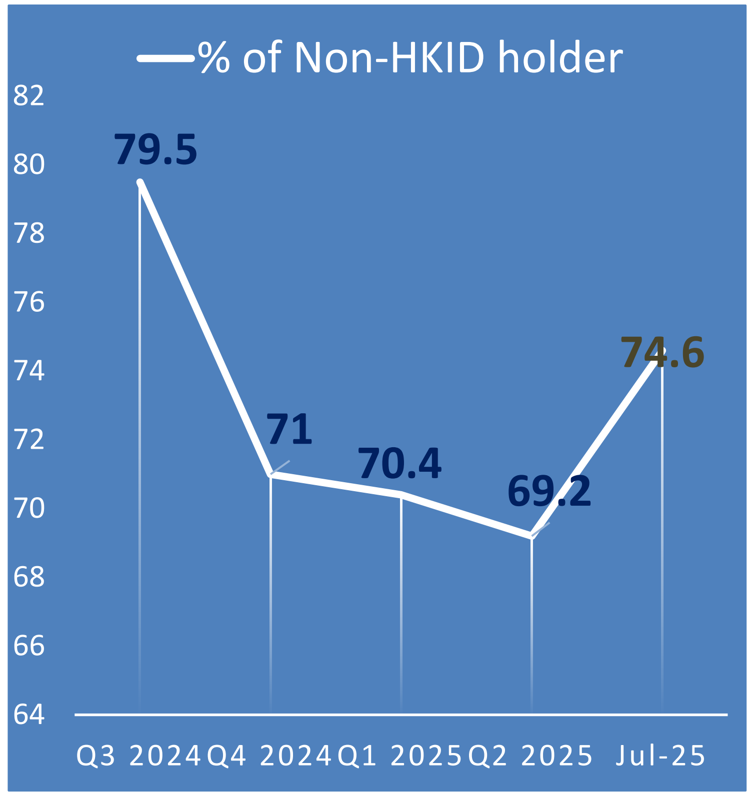
Predicate Offence	Sector	
• Fraud/Deception Related • Standalone ML • Theft/Robbery/Burglary/Blackmail • Organised Crime • Gambling • Loansharking • Drug Related • Vice • Tax Related • Corruption	Financial Institutions : • Banking • SVF • Virtual Asset Service Provider • Money Lenders • Insurance • Securities • Money Service Operators	DNFBP: • Dealers in Precious Metals and Stones • Estate Agents • Trust and Company Service Providers • Lawyers • Accountants

Prevalent M.O. - Use of Stooge Account

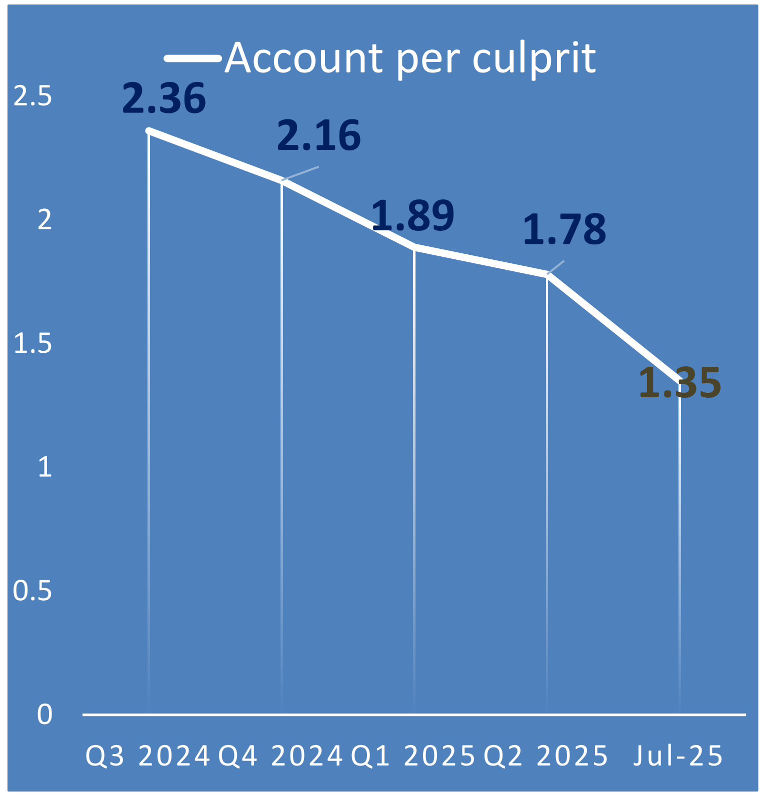
Recruiting Stooges from other jurisdictions

Criminal syndicates often recruit stooges (money mules) from other jurisdictions and offer them incentives to open accounts at financial institutions in Hong Kong.

Non-HKID holder



Account per culprit



Prevalent M.O. - Exploitation of VA

Exploitation of VA

1. High anonymity: Compared to traditional banks, crypto wallet addresses are not directly linked to identities

2. Fast cross-border flows: Funds can be transferred instantly

3. Unlicensed virtual asset exchanges have varying levels of customer due diligence

	Jan - Jul 2024	Jan - Jul 2025	% Change
Amount involved	HKD 1,884.7M	HKD 2,025.1M	↑7.4%

ML Risk at Insurance sector

Risk Factor Categories	Examples
Customers and related third parties (i.e. policy holder, beneficial owner)	- Individuals who are difficult to identify - Complex ownership and control structures involving multiple layers of shares registered in the name of legal entities - Customer activity not consistent with the customer's known profile - PEPs exposure - Payment methods, e.g. cash
Products and Services	- Products which favour anonymity or are easily transferable - Products which allow early surrender - Product which accumulate large funds, transact large sums, or allow high amount withdrawals
On-boarding/ Client Management	- Virtual on-boarding - Reliance on intermediaries and /or outsourcing to third parties - Management of the customers payments

COMMON TYPOLOGIES AND CASE SHARING

Common Typologies of using insurance policy in Money Laundering

(1) Using Single -premium Life Insurance Policies

Placement of
“dirty money”
into financial system

Extraction of “clean”
money from the
financial system

Criminals pay a large upfront premium using illicit funds

The policy may then be surrendered to receive “clean” funds back

Common Typologies of using insurance policy in Money Laundering

(2) Surrender during cooling-off period or early policy surrender with significant loss

Placement of
"dirty money"
into financial system

Extraction of "clean" money
by exploiting cooling-off
periods or early surrender
despite significant loss

Criminals pay a large upfront premium using illicit funds

The policy will soon be surrendered to receive "clean" funds

Common Typologies of using insurance policy in money laundering

(3) Third Party Payment / Unknown Source of Fund

Paid by unrelated third party

PPS 繳費靈

Paid by cashier order / Cash

Obscuring the true source of funds
and
Placing “dirty money”
into financial system

Common Typologies of using insurance policy in money laundering

Three Common Typologies

(1) Using Single-premium Life Insurance Policies

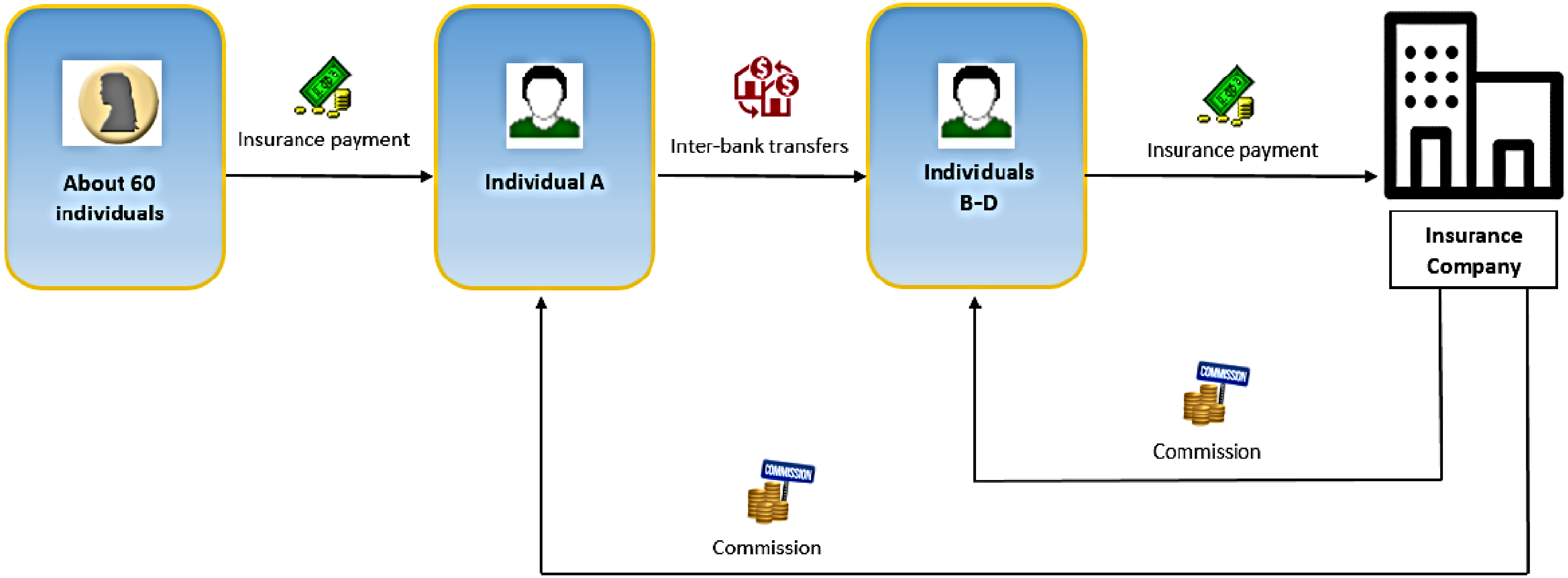
(2) Surrender during cooling-off period or early policy surrender with significant loss

(3) Third Party Payment / Unknown Source of Fund

Further Review

- Multiple suspicious policies were handled by the same agent
- The suspicious policies involved the same third party making payment on behalf of the policy holders
- Similar time of policy applications, premium deposits, or surrender applications

Case Sharing - Fraud Case involving Insurance Agents



Insurance companies should critically review the policies involved and report STRs if necessary

Suspicious Indicators

- Frequent and significant transactions between Insurance Agents
- Insurance Agents paid premiums on behalf of the customers

Misconduct of Insurance Agents

Violation of 'Code of Conducts for Licensed Insurance Agents – 8.1 Handling of Premiums', which would lead to disciplinary actions

Vulnerable Area - Insurance

- Used in the layering and the integration stage of the ML process
- Payment controls varied among insurance institutions
- Investment-linked assurance scheme (“ILAS”) products
- Non-local clients
- Virtual insurers and virtual on-boarding

Enforcement Effort
Prosecution and Conviction

	2023	2024	% change	Jan-Jul 2024	Jan-Jul 2025	% change
No. of Prosecuted Cases	338	1,312	↑ 288.17%	784	804	↑ 2.55%
No. of Convicted Cases	163	510	↑ 212.88%	290	374	↑ 28.96%

Enforcement Effort
Enhanced Sentencing

	H1 2024	H2 2024	H1 2025	July 2025	Running Total from Oct 2023 to July 2025
No. of defendants with sentencing enhanced	9	35	88	13	148
Range of enhancement	3-12 months	3-13 months	3-18 months	5.5-13 months	3-18 months
Increase in sentencing	12.5-33.3%	20-33.3%	14.3-33.3%	20-33.3%	12.5-33.3%
Final sentence	21 to 75 months				

Financial Intelligence and Investigation Bureau
Hong Kong Police Force

THANK YOU

FOR YOUR ATTENTION

More Information:
www.jfiu.gov.hk