

Our Ref: INS/TEC/6/45

16 March 2022

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 12 November 2021, we are writing to inform you of the following developments:

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

Since February 2020, in light of the COVID-19 pandemic, the FATF has paused the review process for countries in the list of high-risk jurisdictions subject to a call for action, given that they are already subject to the FATF’s call for countermeasures. Therefore, the FATF issued a statement on 4 March 2022² 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 of Iran and the Democratic People’s Republic of Korea’s AML/CFT regimes, 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>).

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¹ 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.

² 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-march-2022.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 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-march-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, 2 – 4 March 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 :

- a) issuance of a public statement on the situation in Ukraine, expressing grave concern about the invasion's impact on the money laundering, terrorist financing and proliferation financing risk environment as well as the integrity of the financial system, the broader economy and safety and security⁴. IIs should monitor the situation closely and be vigilant to the possibility of emerging risks;
- b) adoption of amendments to Recommendation 24 and its Interpretive Note which require countries to prevent the misuse of legal persons for money laundering or terrorist financing and to ensure that there is adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons⁵.

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⁴ The statement can be found on the website of the FATF (<https://www.fatf-gafi.org/publications/fatfgeneral/documents/ukraine-2022.html>).

⁵ Further information of the amendments can be found on the website of the FATF (<https://www.fatf-gafi.org/publications/fatfrecommendations/documents/r24-statement-march-2022.html>).

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-march-2022.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
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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