

Our Ref: INS/TEC/6/45

12 July 2024

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

Dear Sir/Madam,

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

Further to our letter of 8 March 2024, 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 – The Democratic People’s Republic of Korea (“DPRK”) and Iran

#### DPRK

The FATF remained concerned by the DPRK’s continued failure to address the significant deficiencies in its anti-money laundering and counter-financing of terrorism (“AML/CFT”) regime and the serious threats posed by the DPRK’s illicit activities related to the proliferation of weapons of mass destruction and its financing.

DPRK has increased connectivity with the international financial system which raises proliferation financing risks. The FATF therefore calls for greater vigilance and renewed implementation and enforcement of countermeasures against the DPRK.

#### Iran

Given Iran’s failure to enact the Palermo and Terrorist Financing Conventions in line with the FATF Standards, the FATF fully lifts the suspension of countermeasures and call on its members and urges all jurisdictions to apply

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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.

effective countermeasures, in line with Recommendation 19.

The FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system until Iran implements the measures required to address the deficiencies identified with respect to countering terrorism-financing in the Action Plan.

The statement on the aforesaid high-risk jurisdictions subject to a Call for Action can be found on the website of the FATF (<https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-june-2024.html>).

- (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

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. The call by the FATF on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from Myanmar in the October 2022 statement remains in effect. 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/en/publications/High-risk-and-other-monitored-jurisdictions/increased-monitoring-june-2024.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, 26 – 28 June 2024

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, including the following:-

- (a) the FATF is in the process of revising the FATF Standards, which aim to help make cross-border payments faster, cheaper, more transparent and more inclusive whilst ensuring AML/CFT compliance, and ensure that FATF Standards remain technology-neutral. Given the complexity of the requirements and the potential impact on payment systems, it was agreed further dialogue with the relevant bodies and experts should take place before finalising the amendments; and
- (b) the completion in review of the measures FATF members have in place to prevent gatekeepers (accountants, lawyers, real estate agents, and trust and company service providers) from being used to facilitate money laundering and terrorist financing. When these gatekeepers are not regulated in accordance with the FATF Standards, they remain exposed to significant criminal risks and lack the measures that would allow them to see the red flags of money laundering. The FATF will publish findings of this review in July 2024.

Further information on the FATF Plenary's outcomes can be found on the website of the FATF (<https://www.fatf-gafi.org/en/publications/Fatfgeneral/outcomes-fatf-plenary-june-2024.html>).

Should you have any enquiries regarding the above, please contact Mr Joseph Lee at 3899 9755 or Mr Jonathan Fung at 3899 9994.

Yours faithfully,

Dickson Chui  
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Insurance Authority

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