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In reply please quote this ref. INS/TEC/6/45

3 September 2009

來函檔號 Your ref.

電話 Tel. 2867 4631

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

Dear Sirs,

**Race Discrimination Ordinance and the Guidance Note
on Prevention of Money Laundering and Terrorist Financing**

I am writing to draw your attention to provisions contained in the Race Discrimination Ordinance (Cap. 602) that have come into operation since 10 July 2009, rendering it unlawful to discriminate, harass or vilify a person on the ground of his or her race.

As an authorized insurer carrying on long term business, you should familiarize with these provisions by browsing through the website of the Equal Opportunities Commission at www.eoc.org.hk. Please also ascertain that the practices and procedures of your company do comply with these provisions, and that the requisite training and guidance are provided to your staff.

After an initial review of the Guidance Note on Prevention of Money Laundering and Terrorist Financing ("GN3"), we have decided that amendments should be made in the first instance to paragraphs 5.3(c) and 6.6.5.5(a) therein as detailed at Annex. Specifically, the concept of Non-Cooperative Countries and Territories ("NCCTs") is to be replaced by a commitment upon insurers to exercise proper caution in dealing with customers from jurisdictions which do not or insufficiently apply recommendations promulgated by the Financial Action Task Force on Money Laundering ("FATF").

Since we are going through a separate exercise to update and refine GN3, other references to NCCTs will be amended in a similar way and released for consultation later on. Nevertheless, it is incumbent upon insurers to apply

the same test on adequacy in application of recommendations promulgated by FATF when interpreting these references.

You may wish to seek clarification or further information with our Ms. Joanne Lin on 2867 2557 or Mr. Keith Lee on 2867 4845 about this matter.

Yours faithfully,

(Ms. Carol M. Y. Hui)
for Commissioner of Insurance

Encl.

c.c. Chairman, Hong Kong Federation of Insurers

Amendments to Guidance Note on Prevention of Money Laundering and Terrorist Financing

1. Paragraph 5.3 (c) is amended as follows:

~~“origin of the customer and/or beneficial owner (e.g. place of birth, residency), the place where the customer’s and/or beneficial owner’s business is established, the location of the counterparties with which the customer and/or beneficial owner conducts transactions and does business, such as Non-Cooperative Countries and Territories (“NCCTs”) designated by the FATF—the customer’s and/or beneficial owner’s nationality, citizenship and resident status (in the case of a corporate customer, the customer’s place of incorporation), the place where the customer’s and/or beneficial owner’s business is established, the location of the counterparties with whom the customer and/or beneficial owner conducts business, and whether the customer and/or beneficial owner is otherwise connected with higher risk jurisdictions or jurisdictions which do not or insufficiently apply the FATF Recommendations (see paragraph 6.6.6), or those which are known to the insurance institution to be lack of proper standards in the prevention of money laundering or customer due diligence process;”~~

2. Paragraph 6.6.5.5 (a) is amended as follows:

~~“any particular concern over the jurisdiction where the PEP is from holds his public office or has been entrusted with his public functions, taking into account his position;”~~