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## HONGRIE ET ITALIE

Convention concernant les compagnies d'assurance privées, avec annexe, signée à Budapest, le 27 mars 1924.

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## HUNGARY AND ITALY

Agreement regarding Private Insurance Companies, with Annex, signed at Budapest, March 27, 1924.

<sup>1</sup> TRADUCTION. — TRANSLATION.No. 1101. — AGREEMENT <sup>2</sup> BETWEEN HUNGARY AND ITALY REGARDING PRIVATE INSURANCE COMPANIES, SIGNED AT BUDAPEST, MARCH 27, 1924.

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*French official text communicated by the "Chargé des Affaires" of the Royal Hungarian Delegation accredited to the League of Nations and by the Italian Minister for Foreign Affairs. The registration of this Agreement took place February 24, 1926.*

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*Article 1.*

(1) The High Contracting Parties recognise that it is essential to avoid the dismemberment of the private insurance companies established in the territory of the former Austro-Hungarian Monarchy, in order that their economic and financial force may be safeguarded in the interest of all the insured persons.

(2) The High Contracting Parties likewise recognise the necessity of settling the questions which have arisen as a result of the reorganisation of the public debts and of the monetary systems in the Succession States and which affect the national and foreign companies operating in the territories of the former Monarchy (Article 198 of the Treaty of Trianon).

*Article 2.*

Private insurance companies established in the territory of the former Austro-Hungarian Monarchy shall have the nationality of the State which possesses the territory where their head office was situated at the date of the Armistice.

*Article 3.*

(1) The provisions of Article 272 of the Treaty of St Germain and of Article 255 of the Treaty of Trianon are hereby confirmed.

(2) It is understood, however, that the fact that a State renounces its claim to the special régime provided for in Article 255 of the Treaty of Trianon shall not affect the continuation of the business of the companies in so far as it is authorised by the national laws of the State in question.

(3) Insurance companies whose head offices are situated in the territory of the former Monarchy attributed to one of the contracting States, and which at the time of the dismemberment of the former Austro-Hungarian Monarchy had branch offices (general agencies responsible for the

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<sup>1</sup> Traduit par le Secrétariat de la Société des Nations.

<sup>1</sup> Translated by the Secretariat of the League of Nations.

<sup>2</sup> The exchange of ratifications took place at Budapest, December 5, 1924.

administrative side of the business) in the territory attributed to the other contracting State, shall be subject as regards everything connected with such branch offices, in their capacity as authorised foreign insurance companies, to the general laws relating to foreign companies in the State where the branch office is situated. This provision shall apply *inter alia* to the supervision exercised by the Government over the operations of the company and over the measures designed to safeguard the interests of the policy-holders.

*Article 4.*

As regards personal insurance (*i.e.*, in respect of life, accidents, etc.), including life annuities and re-insurance, steps must be taken to compile a portfolio of policies for each of the Succession States (*i.e.*, the States to which part of the territory of the former Austro-Hungarian Monarchy has been transferred, or which have been formed as a result of the dismemberment of that Monarchy) embracing all the insurance companies operating in the territory of the former Monarchy.

The allotment of insurance policies to the portfolios of the High Contracting Parties shall be effected in accordance with the following principles :

- (1) As regards insurance policies expressed in terms of Austro-Hungarian crowns :
  - (a) Policies concluded with juridical and physical persons whose principal place of business or ordinary place of residence on December 31, 1922, was in the territory of the former Austro-Hungarian Monarchy which now forms part of the territory of one of the High Contracting Parties shall be allotted to the portfolio of the High Contracting Party to which the territory in question belongs ;
  - (b) Insurance policies concluded in the territory of the former Austro-Hungarian Monarchy with insured persons whose principal place of business or ordinary place of residence on December 31, 1922, was outside the territory of the former Austro-Hungarian Monarchy shall be allotted to the portfolio of the territory in which is situated the agency to which the last insurance premium was paid or the last pension payment was made prior to December 31, 1922 ;
  - (c) If the agency mentioned in paragraph (b) is situated outside the territory of the former Monarchy, policies concluded with persons of nationalities other than those of the Succession States of Austria-Hungary shall be allotted to the portfolio for Hungary, provided that the companies concerned have their head offices in the former territory of Hungary.
- (2) Insurance policies drawn in foreign currencies (other than the Austro-Hungarian crown) which were included on December 31, 1922, in the portfolio for the territory of the Austro-Hungarian Monarchy, shall be allotted :
  - (a) In the case of policies concluded with insured persons whose principal place of business or ordinary place of residence on December 31, 1922, was in the territory of the former Austro-Hungarian Monarchy which now forms part of the territory of one of the High Contracting Parties, to the portfolio of the High Contracting Party to which the territory in question belongs ;
  - (b) In any other case to the portfolio of the State in whose territory is situated the agency through which the last insurance premium or the last annuity instalment was paid prior to December 31, 1922.

Notwithstanding the foregoing rules the policies of insured persons who transferred their domicile from territory detached from Hungary by the Treaty of Trianon to the present territory of Hungary between December 31, 1919, and December 31, 1922, shall be allotted to the portfolio for Hungary.

(3) As regards other branches of insurance the foregoing rules shall apply, subject to the condition that in compiling the portfolio the primary consideration must be the place where the insured objects are situated.

(4) Insurance policies drawn in Austro-Hungarian crowns, mentioned in paragraph 1, (a), (b), and (c), which are to be allotted to the several portfolios, shall be payable, after the reorganisation of the monetary system in each of the contracting States, in the currency of the State concerned at the rate of exchange for Austro-Hungarian crowns fixed by the general laws of the said State, namely, in the case of policies allotted to the portfolio for the Kingdom of Italy in lire at the rate of exchange of 60 centesimi to one Austro-Hungarian crown, and in the case of policies allotted to the portfolio for the Kingdom of Hungary at the rate of exchange of one Hungarian crown to one Austro-Hungarian crown, provided that the assets assigned to the respective portfolios in accordance with the provisions of Article 6 of the present Agreement are sufficient to enable the actuarial reserves relating thereto to be established. The same rules shall also apply to the payment of premiums after the reorganisation of the monetary system in each of the States concerned.

#### Article 5.

(1) The Contracting States may require the insurance companies mentioned in paragraph (3) of Article 3, to establish not later than December 31, 1924, sufficient actuarial reserves to meet their obligations in respect of the insurance policies included in the portfolios allotted to the States concerned.

(2) The States in which the head offices of the said insurance companies are situated undertake to compel the companies, by all the administrative means which are open to them by virtue of their laws, to establish as soon as possible the above-mentioned actuarial reserves in accordance with the following Articles.

(3) Each State shall be entitled to require that the amount of the reserves be deposited and secured in favour of the insured persons under the national laws relating to foreign companies.

(4) The reserves in question must be expressed in the currencies of the Contracting States in accordance with the foregoing rules, and shall be constituted as would have been the case on December 31, 1919, on the basis of the demographic and financial assumptions already employed by the companies, and in conformity with the special regulations which were in force at that date as regards national companies in the respective States.

#### Article 6.

The actuarial reserves (premium reserves and balances carried forward and reserves in respect of capital sums which have fallen due and accident claims) as on December 31, 1922, must be distinguished from the actuarial reserves which have to be established by the companies after that date and which must be completely covered according to the laws in force in the State concerned. The operations of the companies after the above-mentioned date shall not in any case be taken into account.

II. The actuarial reserves as on December 31, 1922, of the portfolio allotted to each State shall be covered in respect of each individual company — arrears of interest being taken into account — by the following assets :

(1) Bonds issued by the State at their market value with the exception of the bonds mentioned in paragraphs (6), (7) and (8).

(2) Loans on life insurance policies allotted to the portfolio of the State.

(3) Immovable property, situated in the territory assigned to the State, at the value given in the balance sheet dated December 31, 1919. At the request of either of the Contracting States, steps may be taken to make an official valuation, the result of which shall be decisive.

(4) Mortgages secured on immovable property situated in the territory assigned to the State.

(5) Mortgage bonds, provincial and communal bonds, railway bonds and other bonds of the same kind, issued by public or private companies or corporations of the country concerned, which are qualified to rank among the securities which, under the law in force at the time of the dismemberment of the former Monarchy, were allowed to be employed as part of the reserves of insurance companies. The value to be assigned to these bonds shall be the stock exchange or market value.

(6) Bonds of Hungary or of Austria or of the former Monarchy which are secured on property transferred to the State in question and for which it must assume liability under Article 186, 1 of the Treaty of Trianon or Article 203, 1 of the Treaty of St Germain.

These bonds shall be assessed at their stock exchange or market value. Until they have been quoted, their value shall be fixed in accordance with the provisions of Article 186, 1, of the Treaty of Trianon or of Article 203, 1, of the Treaty of St Germain. If there is a surplus, the insurance companies shall be free to make their choice between the categories 1 to 6 inclusive.

(7) Bonds of the pre-war Public Debt of Hungary, Austria or the former Monarchy other than the bonds mentioned in paragraph (6), provided that they have not yet been finally stamped by another Succession State and may therefore be properly included in the amount of the bonds held in the territory of the State concerned in accordance with the provisions of paragraph 2 of the Annex to Article 186 of the Treaty of Trianon or paragraph 2 of the Annex to Article 203 of the Treaty of St Germain.

These bonds shall be assessed at their stock exchange or market value.

All the securities mentioned above shall be assessed at the date on which the covering of the reserves is effected.

In the Kingdom of Italy only the bonds of the Austrian pre-war Public Debt may be used and in the Kingdom of Hungary only the bonds of the Hungarian pre-war Public Debt may be used.

(8) In the event of these assets not being sufficient to cover the actuarial reserves, a proportionate share of the war loan bonds in the hands of the company concerned shall be employed to meet the deficiency, provided that the utilisation of such bonds is permitted by the State concerned in the case of its own nationals. The said proportionate share shall be determined by taking as a basis the distribution of the actuarial reserves of the company, calculated in Austro-Hungarian paper crowns, among the portfolios of all the Succession States.

The companies must prove that they were in possession of the war loan bonds on November 3, 1918. The bonds acquired after this date must be devoted to covering the deficit of the State in which they were acquired.

These bonds shall be valued in accordance with the general laws in force in each State.

Insurance companies shall enjoy all the rights accorded to nationals as regards the utilisation of the war loan bonds, without reference, however, to the regulations concerning the expiration of time-limits or the stamping already carried out in the State concerned, and without reference to the place where the bonds are at present deposited.

The possible utilisation of the war loan bonds shall be effected in accordance with the special conditions laid down for nationals whose capital was placed in war loans by the act of a third person or by constraint; or, in the absence of such a stipulation, on the most favourable terms for holders of bonds stipulated in the national loans and, in any event, on the same terms as those applicable to national companies.

III. If, when the final decision was made under the laws of the High Contracting Parties with regard to the valuation of war loans or, at latest, on December 31, 1924, there was still a

deficit, *i.e.*, if all the above-mentioned assets were insufficient to cover entirely the actuarial reserves relating to the portfolio of the State in question, such deficit shall be covered by any other assets which may be available beyond the necessary cover for the actuarial reserves in all branches of insurance in the territory of the former Austro-Hungarian Monarchy, excluding, in any event, the assets intended to secure the obligations of the companies in foreign States outside the former Austro-Hungarian Monarchy and, in addition, excluding the assets acquired by the companies since December 31, 1919.

Failing such available assets, the State concerned may take such measures as appear to it to be desirable in the interest of its nationals, in order to establish equilibrium. If such measures should prejudice the interests of nationals of other States, the States in question may assert the rights laid down in Article 198 of the Treaty of Trianon.

*Article 7.*

As regards life insurance policies connected with the Austro-Hungarian war loans, each State may take steps to regulate the contractual relations incident thereto in the interest of its nationals, taking into account the funds available for this purpose.

Bonds bought before June 4, 1920, by insurance companies with the express object of meeting their future liabilities shall be allotted to the portfolios of the Contracting States in proportion to the amount of the capital insured by means of the insurance operation in question. The utilisation of these bonds by the States concerned shall be subject to the same conditions as those laid down in Article 6, (8).

*Article 8.*

The present Agreement shall be ratified and shall come into force on the date of the exchange of ratifications.

Done at Budapest on March 27, 1924, in two copies, one of which has been transmitted to each of the High Contracting Parties.

*For Hungary :*

(Signed) ALADÁR DE STEIGER.

*For Italy :*

(Signed) LUIGI ORAZIO VINCI.

ANNEX.

The Government of the Kingdom of Hungary hereby notifies the Government of the Kingdom of Italy that the bilateral Convention concluded on March 27, 1924, with regard to private insurance does not in any way prejudice the rights deriving from the Peace Treaty of Trianon in favour of insurance companies whose head offices are situated in the territory of the former Austro-Hungarian Monarchy annexed to the Kingdom of Italy.

In particular the Hungarian Government admits that it is under an obligation to assume responsibility for all the bonds of Hungarian war loans, which belonged to the above-mentioned companies on June 4, 1920, and must either redeem them in Hungarian crowns at their nominal value or treat them as a State debt of the Kingdom of Hungary.

The Hungarian Government shall assume responsibility for these bonds whether they have or have not been presented, stamped by the Hungarian Government or deposited in Hungarian territory, even in the event of it not being necessary to allocate them to the actuarial reserves.

Done at Budapest on March 27, 1924, in two copies, one of which has been transmitted to each of the High Contracting Parties.

*For Hungary :*

(Signed) ALADÁR DE STEIGER.

*For Italy :*

(Signed) LUIGI ORAZIO VINCI.