

N° 1992.

**HONGRIE
ET ROYAUME DES SERBES,
CROATES ET SLOVÈNES**

Convention concernant le règlement des anciens contrats d'assurance sur la vie conclus en couronnes hongroises ou autrichiennes, et le traitement réciproque des entreprises d'assurance privées, avec protocole final. Signés à Belgrade, le 22 février 1928.

**HUNGARY AND
KINGDOM OF THE SERBS,
CROATS AND SLOVENES**

Convention concerning the Adjustment of former Life Insurance Contracts concluded in Hungarian or Austrian Crowns, and the reciprocal Treatment of Private Insurance Undertakings, with Final Protocol. Signed at Belgrade, February 22, 1928.

¹ TRADUCTION. — TRANSLATION.

No. 1992. — CONVENTION² BETWEEN THE KINGDOM OF HUNGARY AND THE KINGDOM OF THE SERBS, CROATS AND SLOVENES CONCERNING THE ADJUSTMENT OF FORMER LIFE INSURANCE CONTRACTS CONCLUDED IN HUNGARIAN OR AUSTRIAN CROWNS, AND THE RECIPROCAL TREATMENT OF PRIVATE INSURANCE UNDERTAKINGS. SIGNED AT BELGRADE, FEBRUARY 22, 1928.

French official text communicated by the Resident Minister, Head of the Hungarian Delegation accredited to the League of Nations. The registration of this Convention took place April 17, 1929.

HIS MOST SERENE HIGHNESS THE REGENT OF THE KINGDOM OF HUNGARY and HIS MAJESTY THE KING OF THE SERBS, CROATS AND SLOVENES, desiring to arrive at an agreement for the adjustment of former life insurance contracts concluded in old Hungarian and Austrian crowns, and the reciprocal treatment of private insurance undertakings, have resolved to conclude a Convention to that effect, and have appointed as their respective Plenipotentiaries :

HIS MOST SERENE HIGHNESS THE REGENT OF THE KINGDOM OF HUNGARY :

Baron Paul FORSTER, His Envoy Extraordinary and Minister Plenipotentiary at Belgrade ; and

M. Alfred DE NICKL, Counsellor of Legation, Director of the Economic Section of the Royal Hungarian Ministry of Foreign Affairs ;

HIS MAJESTY THE KING OF THE SERBS, CROATS AND SLOVENES :

Dr. Voislav MARINKOVITCH, His Minister for Foreign Affairs ;

Who, having communicated their full powers, found in good and due form, have agreed on the following provisions :

SECTION I.

PROVISIONS CONCERNING THE ADJUSTMENT OF FORMER LIFE INSURANCE CONTRACTS.

Article I.

Private insurance companies whose head offices are situated in the present territory of one of the two States and which, prior to October 31, 1918, had carried on business in the territory

¹ Traduit par le Secrétariat de la Société des Nations, à titre d'information.

¹ Translated by the Secretariat of the League of Nations, for information.

² The exchange of ratifications took place at Budapest, October 20, 1928.

of the other State, may transfer their holding in insurance policies arising from such transaction to a private insurance company chosen freely by them among insurance companies authorised in the other State. All private agreements concerning such transfers shall be approved by the competent authorities, provided they are in conformity with the laws of the country.

Article 2.

Private insurance companies, the head offices of which are in Hungary, and which, prior to October 31, 1918, had concluded life insurance contracts in the territory of the Kingdom of the Serbs, Croats and Slovenes, shall separate from their other life insurance policy holdings all life insurance and life annuity contracts (including accident annuity contracts) — described hereinafter as Serb-Croat-Slovene policy holdings — concluded before the aforesaid date by their head offices or branches, wherever situated, and pertaining to the Kingdom of the Serbs, Croats and Slovenes.

Under the present Convention, life insurance policies (annuity payments) due before October 31, 1918, and not yet paid, shall not be included in the Serb-Croat-Slovene policy holdings. The general provisions of the Convention concerning the settlement of debts and claims in former Hungarian or Austrian crowns shall apply to debts and claims arising out of such insurance policies.

This separation of policies, and the settlement of liabilities incurred under insurance contracts, shall be effected by the Hungarian private insurance companies concerned in conformity with the provisions laid down in Articles 3-8 of the present Convention.

Should a company, under the provisions of Article 1 of this Convention, transfer its Serb-Croat-Slovene policy holdings to an authorised Serb-Croat-Slovene company, the private agreements regarding such transfer must also be in conformity with these provisions.

Article 3.

The following shall be included in the Serb-Croat-Slovene policy holdings :

(1) Irrespective of the nationality of the insured persons : contracts concluded by persons whose domicile (or, in the case of juridical persons, head office) was situated in the territory of the Kingdom of the Serbs, Croats and Slovenes, both on October 13, 1918, and on December 31, 1924. These shall not include contracts in respect of insured persons who were not nationals of the Kingdom of the Serbs, Croats and Slovenes on December 31, 1924, and who, within a period of four months from the coming into force of the present Convention, file an objection to the inclusion of their contracts.

(2) Contracts concluded by insured persons whose domicile (head office) was not, on both or either of the aforesaid dates, in the territory of the Kingdom of the Serbs, Croats and Slovenes, shall be included in the Serb-Croat-Slovene policy holdings if, on December 31, 1924, the insured person was a Serb-Croat-Slovene national, and if he had paid to an office belonging to the Hungarian company in question and established in the territory of the Kingdom of the Serbs, Croats and Slovenes both the last premium due before October 31, 1918, and the last premium due before December 31, 1924.

These provisions shall apply similarly to annuity policies. ■

If the policy matured between October 31, 1918, and December 31, 1924, or if it has been redeemed, etc., the date on which it matured or was redeemed, etc., shall be substituted for December 31, 1924, (paragraphs 1 and 2).

Notwithstanding the above provisions, the Serb-Croat-Slovene policy holdings shall not include contracts which have matured or been redeemed, etc., and have already been paid off in Hungarian or Austrian crowns by the insurance company, and contracts with insured persons who have paid all the premiums payable in Hungarian or Austrian crowns which fell due between the date when the stamping of former Hungarian and Austrian crowns in the Kingdom of the Serbs, Croats and Slovenes was completed and December 31, 1924.

Released or capitalised policies (including single-premium insurances and *ex-officio* capitalisations) shall not, even if the conditions laid down in this Article are complied with, be included in the Serb-Croat-Slovene policy holdings unless the insured person or his assign had his domicile (head office) in the present territory of the Kingdom of the Serbs, Croats and Slovenes at the date of the payment of the last premium.

Article 4.

The proportional reserves required to cover the Serb-Croat-Slovene policy holdings, as defined in Article 3 of the present Convention, shall be calculated as on December 31, 1922, and shall be expressed in dinars, taking into account the insurance payments which have been made since October 31, 1918.

In calculating the proportional reserves in dinars, the dinar shall be reckoned as equal to four former Hungarian or Austrian crowns.

In regard to the calculation of the premium reserves, the service of interest, the mortality tables to be employed, etc., the methods followed shall be those employed by the private insurance companies belonging to the two States of the former Austro-Hungarian Monarchy in fixing their life-insurance premium reserves.

Article 5.

The following assets of the insurance companies shall be employed, in the order given below, as cover for the proportional reserves referred to in Article 4, and for the interest on such reserves between December 31, 1924, and the date of the coming into force of the above-mentioned private agreements.

(a) Public debts bonds issued by the Kingdom of the Serbs, Croats and Slovenes or by the Kingdom of Serbia.

(b) Loans on life-insurance policies forming part of the Serb-Croat-Slovene policy holdings.

(c) Immovable property situated in the territory of the Kingdom of the Serbs, Croats and Slovenes.

(d) Securities (mortgage bonds, communal stock, railway debentures) issued by public or private institutions, such as financial institutions, etc., whose head offices are situated in the territory of the Kingdom of the Serbs, Croats and Slovenes.

(d) Public debt bonds referred to in Article 186, paragraph 1, of the Treaty of Trianon, or Article 203, paragraph 1, of the Treaty of St. Germain, and made out in Hungarian or Austrian crowns, in so far as such bonds are included in the public debt of the Kingdom of the Serbs, Croats and Slovenes under the provisions of the said Treaties.

(f) Public debt bonds referred to in paragraph 2 of Article 186 of the Treaty of Trianon, or paragraph 2 of Article 203 of the Treaty of St. Germain, and made out in Hungarian or Austrian crowns, viz. :

(1) Bonds endorsed with the stamp of the Kingdom of the Serbs, Croats and Slovenes.

(2) Bonds not bearing any distinctive mark in virtue of the aforesaid Articles of the said Treaties of Peace, and bonds which have already been endorsed with the stamp of Hungary, Austria, or another Successor State of the former Austro-Hungarian Monarchy, but whose stamping has been later cancelled by the State in question (bonds of which the endorsement has been annulled.)

Article 6.

Should the assets referred to in Article 5 not be sufficient to cover the whole of the proportional reserves for the Serb-Croat-Slovene policy holdings, the difference may be covered by other securities accepted by the Serb-Croat-Slovene Government, and by sureties as the case may be, or in cash, account being always taken of the liabilities of the companies in States other than the Kingdom of the Serbs, Croats and Slovenes.

Should the Serb-Croat-Slovene policy holdings be covered wholly or in part in cash by a Hungarian private insurance company, this may be done in not more than five annual payments, provided that the company in question furnishes a guarantee which is accepted by the Serb-Croat-Slovene Government.

The rate of interest on payments in arrear shall not exceed the rate of interest to be taken in the calculation of proportional reserves.

Article 7.

The securities referred to in paragraph (a) of Article 5 shall be valued at the mean rate quoted on the Belgrade Stock Exchange on the day preceding the date of the actual transfer.

The debts referred to in paragraph (b) of Article 5 shall be valued at the rate of four former Hungarian or Austrian crowns to one dinar ;

The valuation of the assets referred to in paragraph (c) of Article 5 shall be dealt with by the special arrangements referred to in Article 1 ;

The securities referred to in paragraph (d) of Article 5, yielding not less than 5 % interest, shall be reckoned at their nominal value, the securities in Hungarian or Austrian crowns being calculated at the rate of four crowns to one dinar. The value of securities bearing interest at a rate less than 5 % shall be fixed by agreement between the companies concerned ;

The securities referred to in paragraphs (e) and (f) of Article 5 shall be reckoned at their nominal value, at the rate of four crowns to one dinar.

Article 8.

When the present Convention has come into force, claims on the above-mentioned private Hungarian insurance companies falling due after October 31, 1918, and not yet paid, arising out of insurance contracts included in the Serb-Croat-Slovene policy holdings, shall be paid in dinars, at the rate of four Hungarian or Austrian crowns to the dinar, provided that the proportional reserves for the Serb-Croat-Slovene policy holdings of the afore-mentioned companies are completely covered by the assets enumerated in Articles 5 and 6.

This provision shall similarly apply to the payment by insured persons of premiums and loans on policies.

Article 9.

Should the bonds referred to in paragraph (f) 2 of Article 5 be used in virtue of Article 6 to cover the proportional reserves, the public debt represented by such bonds shall be treated on a footing of equality with bonds stamped in the territory of the Kingdom of the Serbs, Croats and Slovenes, under the provisions of Article 186 of the Treaty of Trianon or Article 203 of the Treaty of St. Germain.

The Kingdom of the Serbs, Croats and Slovenes shall treat the coupons of such bonds in the same manner as the coupons of bonds in its territory.

In accordance with this Article, the Governments of the two States shall notify the Reparation Commission that the bonds mentioned in this Article are to be regarded as covered by the Serb-Croat-Slovene stamping.

Article 10.

During the year following the entry into force of the present Convention, the supervisory authorities in the two States shall determine, by inspecting the private insurance companies concerned established in the territory of the two contracting States, whether the private agreements referred to in Article 1 of the present Convention have been concluded in conformity with the above provisions (Articles 3-8). Any irregularities shall be rectified within eighteen months from the date of the entry into force of the present Convention.

Article 11.

The Government of the Kingdom of Hungary shall permit the export to the territory of the Kingdom of the Serbs, Croats and Slovenes of any securities which are to be employed, under the aforesaid private agreements, to cover the proportional reserves for the Serb-Croat-Slovene holdings, so far as such securities are in the territory of the Hungarian State and the above-mentioned private agreements are in conformity with the provisions of this Convention.

The Government of the Kingdom of the Serbs, Croats and Slovenes shall permit the importation of such securities. The private agreements mentioned in Article 1, the transfer of the said securities and of immovable property, the import and export of securities used to cover the proportional reserves, and all transactions carried out by private insurance companies in execution of the present Convention, shall be exempt in the territory of the two Contracting Parties from all taxes, dues, fees, and other public charges.

Article 12.

If, within six months from the date of the entry into force of this Convention, a Hungarian private insurance company has not transferred its Serb-Croat-Slovene holdings to an authorised private insurance company in the Kingdom of the Serbs, Croats and Slovenes, or if the Royal Hungarian authority supervising private insurance companies and the similar competent authority of the Kingdom of the Serbs, Croats and Slovenes have not approved the private agreement in question, the Royal Hungarian supervisory authority and the similar competent authority of the Kingdom of the Serbs, Croats and Slovenes shall take by agreement, under their respective laws such measures as may be necessary to safeguard the interests of the insured persons in either State.

Should a Hungarian company not have concluded, within the above-mentioned period, a private agreement as provided for in Article 1, its Serb-Croat-Slovene holdings shall be transferred to the Serb-Croat-Slovene Government or to a private insurance company established in the Kingdom of the Serbs, Croats and Slovenes, to be designated by that Government.

Article 13.

The provisions of Articles 2-12 shall similarly be applicable to the respective reinsurance contracts.

Article 14.

Approval by the competent Serb-Croat-Slovene authorities of the private agreement referred to in Article 1 shall release the Hungarian private insurance companies in question from all liability in respect of insured persons.

The Government of the Kingdom of the Serbs, Croats and Slovenes shall inform the Royal Hungarian Government of such approval.

Article 15.

The provisions of Articles 2-4 and 11-14 shall be applicable in the same way to Hungarian life insurance policy holdings belonging to private insurance companies whose present head offices are situated in the Kingdom of the Serbs, Croats and Slovenes, and which before October 31, 1918, concluded life insurance contracts in the present territory of the Kingdom of Hungary (Article 19). The proportional reserves for these holdings shall be converted into cash, and payment under the old insurance contracts which were concluded in old Hungarian or Austrian crowns shall be effected in Hungarian crowns.

Article 16.

So far as the provisions of Article 198 of the Treaty of Trianon regarding insurance companies are concerned, the present Convention and the Final Protocol annexed thereto shall be considered as a financial adjustment between the two States; consequently, the two States renounce the right to appeal to the Reparation Commission under the terms of the said Article in matters relating to private insurance companies.

This adjustment shall not prejudice other possible financial adjustments or invalidate the provisions of the Treaties of Peace.

Article 17.

In order to facilitate the application of this Convention, both Governments shall, by enacting the appropriate legislation, within four weeks of the entry into force of the present Convention, take the following measures :

All legal proceedings already pending or to be instituted in respect of claims arising out of life insurance contracts, life annuity contracts or accident insurance contracts concluded before October 31, 1918, and expressed in terms of old Hungarian or Austrian crowns, shall be suspended for one year from the date of the entry into force of the present Convention, when one of the parties, either as debtor or creditor, is a private insurance company (including branches wherever situated) whose head offices are situated in the territory of one of the Contracting States, and the other is a national of the other State or a person whose domicile or principal place of business is situated in the other State.

No conservatory measures or measures for the forced execution of such claims may be taken. Any such measures already in course of execution shall be automatically suspended.

The period during which legal proceedings concerning claims referred to in the second paragraph of the present Article are suspended shall not count as part of the period of prescription or of the legal time-limit within which those concerned have to justify their claims.

SECTION II.

PROVISIONS CONCERNING THE RECIPROCAL TREATMENT OF PRIVATE INSURANCE COMPANIES.

Article 18.

Each of the two Contracting States shall accord to private insurance companies whose head offices are situated in the territory of the other State the same treatment as it accords to similar companies of third States. This provision shall also apply to the granting to private insurance companies or their branches (representatives, principal and other agencies) of permission to carry on business, to the operation of these companies, and to the taxes, dues, fees, and other public charges to which they may be subject.

Should one of the Contracting States hereafter renounce the rights guaranteed to the companies in question by Article 255 of the Treaty of Trianon in connexion with the continuance of their business transactions, such renunciation shall not affect the provisions of the first paragraph of this Article.

SECTION III.

FINAL PROVISIONS.

Article 19.

Wherever in the present Convention mention is made of the territory of the Kingdom of Hungary, this term shall be taken to mean the territory of Hungary as defined by the Treaty of Trianon, and where mention is made of the territory of the Kingdom of the Serbs, Croats and Slovenes, this term shall be taken to mean the territory of the former Kingdom of Serbia and that of the former Kingdom of Montenegro before the entry into force of the Treaties of Peace, together with the territories ceded to them under the terms of the Treaties of Peace. In this respect, account must also be taken of conventions and executive measures which have been concluded and agreed upon between the Contracting States in virtue of those treaties.

Article 20.

Any disputes arising between the two Governments out of the application of the present Convention shall be decided by an arbitral tribunal. This tribunal shall consist of two members and a President. One member shall be appointed by the Government of the Kingdom of Hungary and the other by the Government of the Kingdom of the Serbs, Croats and Slovenes.

The two members thus designated shall jointly elect the President. In case of failure to reach an agreement, the President shall be designated by the President of the Swiss Federal Council.

This tribunal shall also decide as to the costs of the proceedings.

Article 21.

The present Convention shall be ratified as soon as possible. The exchange of the instruments of ratification shall take place at Budapest. The Convention shall come into force fifteen days after the exchange of the instruments of ratification.

In faith whereof, the respective Plenipotentiaries have signed the present Convention and have thereto affixed their seals.

Done at Belgrade in two originals on February the twenty-second, one thousand nine hundred and twenty-eight.

(L. S.) (*Signed*) FORSTER.

(L. S.) (*Signed*) NICKL.

(L. S.) (*Signed*) DR. V. MARINKOVITCH.

FINAL PROTOCOL

RELATING TO THE CONVENTION CONCLUDED BETWEEN THE KINGDOM OF HUNGARY AND THE KINGDOM OF THE SERBS, CROATS AND SLOVENES CONCERNING THE ADJUSTMENT OF FORMER LIFE INSURANCE CONTRACTS CONCLUDED IN HUNGARIAN OR AUSTRIAN CROWNS, AND THE RECIPROCAL TREATMENT OF PRIVATE INSURANCE UNDERTAKINGS.

At the moment of signing the Convention concluded this day, the undersigned Plenipotentiaries of the Kingdom of Hungary and of the Kingdom of the Serbs, Croats and Slovenes have agreed on the following arrangements and have made the following declarations :

Paragraph 1.

Life insurance policies expressed in terms of Hungarian or Austrian war-loan bonds (war-loan insurances) shall not be included in the Serb-Croat-Slovene policy holdings, even should the conditions laid down in Article 3 of the present Convention be complied with. Such contracts shall be liquidated direct by the Hungarian insurance companies concerned with the insured persons under the clauses of the respective insurance contracts.

Paragraph 2.

The Kingdom of the Serbs, Croats and Slovenes will only accept the railway debentures mentioned in paragraph (d) of Article 5 as cover for the proportional reserves should they be also recognised by the Reparation Commission as a part of the debt assumed by the Kingdom of the Serbs, Croats and Slovenes.

The Contracting Parties are mutually agreed that under Article 5, paragraph (f), only the following public debt bonds expressed in Hungarian or Austrian crowns may be transferred or accepted :

- (a) 4.2 % unified Austro-Hungarian Government stock (paper and cash) ;
- (b) 4 % converted Austro-Hungarian Government stock (paper and cash) ;
- (c) 3 ½ % Austrian investment loan of the year 1897 (*Investitionsanleihe*) ;
- (d) 4 % Hungarian Government stock in crowns (*Korona-járadék*) ;
- (e) 4.36 % Austrian loan (*Klangrente*).

It was likewise agreed that the nominal value of the State loan bonds enumerated above should not exceed 22,000,000 (twenty-two million) crowns. Should that amount, which is to consist of the bonds enumerated in Article 5, paragraphs (a), (b), and (c), and of those enumerated in the preceding paragraph under paragraph (f) of the same Article, not be sufficient to cover the proportional reserves to be calculated under Article 4, the private insurance companies responsible for the transfer shall settle the difference in cash in dinars, at the rate of four Hungarian or Austrian crowns to the dinar.

Paragraph 3.

The obligation under Article 8 of the Convention shall be binding on the accepting insurance companies to pay in dinars as soon as the Government of the Kingdom of the Serbs, Croats and Slovenes has actually carried out its obligations under Article 9 of the Convention.

Paragraph 4.

The Contracting Parties agree that private agreements concerning the transfer of the Serb-Croat-Slovene policy holdings, concluded in pursuance of the present Convention between a Hungarian private insurance company and an authorised company in the Kingdom of the Serbs, Croats and Slovenes, and already approved by the competent authorities of the two States before the entry into force of the present Convention, shall have the same force and value as private agreements approved under Article 14 of the present Convention.

The present Final Protocol, which shall be ratified at the same time as the Convention concluded on this date, shall be regarded as an integral part of the present Convention, and shall therefore have the same force and validity.

In faith whereof, the Plenipotentiaries of the two States have signed the present Protocol, and have thereto affixed their seals.

Done at Belgrade in two originals on February the twenty-second, one thousand nine hundred and twenty-eight.

(L. S.) (Signed) FORSTER.

(L. S.) (Signed) NICKL.

(L. S.) (Signed) Dr. V. MARINKOVITCH.