

N° 899.

**HONGRIE
ET TCHÉCOSLOVAQUIE**

Convention concernant le traitement réciproque des entreprises d'assurances privées, et le règlement financier des anciens contrats d'assurance sur la vie, conclus en anciennes couronnes hongroises et autrichiennes, en vertu de l'article 198 du Traité de Trianon, signée à Prague, le 13 juillet 1923.

**HUNGARY
AND CZECHOSLOVAKIA**

Convention regarding the Reciprocal Treatment of Private Insurance Undertakings and the Financial Adjustment of Former Life Insurance Contracts concluded in old Hungarian and Austrian Crowns, in virtue of Article 198 of the Treaty of Trianon, signed at Prague, July 13, 1923.

¹ TRADUCTION — TRANSLATION.

No. 899. — CONVENTION² BETWEEN HUNGARY AND CZECHOSLOVAKIA REGARDING THE RECIPROCAL TREATMENT OF PRIVATE INSURANCE UNDERTAKINGS AND THE FINANCIAL ADJUSTMENT OF FORMER LIFE INSURANCE CONTRACTS CONCLUDED IN OLD HUNGARIAN AND AUSTRIAN CROWNS, IN VIRTUE OF ARTICLE 198 OF THE TREATY OF TRIANON, SIGNED AT PRAGUE, JULY 13, 1923.

French official text communicated by the Director of the Royal Hungarian Secretariat accredited to the League of Nations. The registration of this Convention took place June 15, 1925.

The Plenipotentiaries here present :

For the KINGDOM OF HUNGARY :

Iván DE OTTLIK, Privy Councillor and Chamberlain, Secretary of State ;

For the CZECHOSLOVAK REPUBLIC :

Dr. Bohumil VLASÁK, First Head of Section, Ministry of Finance,

who, having communicated to each other their full powers found in good and due form, have agreed upon the following provisions.

I.

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 a third State. 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 operations of these companies and to the imposts, duties, taxes and other public charges to which they may be subject.

Nothing in the foregoing provisions shall prejudice the provisions of Article 255 of the Treaty of Trianon.

II.

Any private insurance company the head offices of which are situated in the territory of one of the Contracting States and which, prior to February 26, 1919, had carried on business in

¹ Traduit par le Secrétariat de la Société des Nations.

¹ Translated by the Secretariat of the League of Nations.

² The exchange of ratifications took place at Budapest, October 30, 1924. See page 249 of this Volume.

the territory of the other State, may transfer its holdings in insurance policies arising from such transactions to a private insurance company of its own choice, which is registered as a national company in the State to which the policies are to be transferred. All private agreements concerning such transfers shall be approved by the competent authorities, provided that they are in conformity with the national laws of the transferee.

III.

Private insurance companies, the head offices of which are in Hungary and which, before February 26, 1919, had concluded life insurance contracts in the territory of the Czechoslovak Republic, shall separate from their other life insurance policy holdings all life insurance and life annuity contracts (including accident annuity contracts) — described hereinafter as Czechoslovak policy holdings — concluded before the aforesaid date by their head offices or branches, wherever situated, and pertaining to the Czechoslovak Republic. For the purposes of the present Convention, life insurance contracts (annuity payments) due before February 26, 1919, shall not be included in the Czechoslovak policy holdings.

This separation of policies and the settlement of obligations incurred under the above life insurance contracts shall be effected by the Hungarian private insurance companies concerned in conformity with the provisions laid down in Articles IV-X of the present Convention.

Should a company, under the provisions of Article II of this Convention, transfer its Czechoslovak policy holdings to a Czechoslovak insurance company, the private agreements regarding such transfer must also be in conformity with these provisions.

IV.

Contracts concluded by persons whose permanent domicile, or in the case of legal entities, head office, was situated in the territory of the Czechoslovak Republic both on February 26, 1919, and on December 31, 1922, shall, irrespective of the nationality of the insured person, be included in the Czechoslovak policy holdings. Czechoslovak policy holdings shall not include contracts in respect of insured persons who were not Czechoslovak nationals on December 31, 1922, and who, within a period of four months as from the coming into force of the present Convention, file an objection to inclusion of their contracts.

(2) Contracts concluded by insured persons whose permanent domicile (head office) was not, on both or either of the two aforesaid dates, in the territory of the Czechoslovak Republic, shall be included in the Czechoslovak policy holdings if, on December 31, 1922, the insured person was a Czechoslovak national and

- (a) had paid to an office belonging to the Hungarian company in question and established in the territory of the Czechoslovak Republic the last premium due before February 26, 1919, and the last premium due before December 31, 1922 ;
- (b) or if the insured person, having, subject to reservations, paid the premiums referred to in paragraph (a) to an office established outside the territory of the Czechoslovak Republic, applies, within a period of three months as from the date of the entry in to force of the present Convention for the inclusion of his contract in the Czechoslovak policy holdings ;
- (c) or if, when an extended time-limit has been accorded for the payment of the premiums referred to in paragraph (a), he applies, within three months as from the date of the coming into force of the present Convention, for the inclusion of his contract in the Czechoslovak policy holdings.

These provisions shall similarly apply to annuity policies.

If the policy has matured within the period between February 26, 1919, and December 31, 1922, or has been redeemed, the date on which it matured or was redeemed shall, as the case may be, be substituted for the second of the two dates mentioned above (December 31, 1922) (Paragraphs 1 and 2).

Notwithstanding the above provisions, the Czechoslovak policy holdings shall not include contracts of insured persons who have, subsequent to February 26, 1919, voluntarily paid their premiums in Hungarian or Austrian crowns; nor shall they include contracts in respect of which the insurance company has paid out sums (redemption, etc.) already due, in Hungarian or Austrian crowns, with the consent of the claimant.

V.

The Czechoslovak policy holdings shall also, in virtue of the provisions of Article IV, include life insurance contracts expressed in terms of Hungarian or Austrian war loan bonds (War Loan insurances) existing on December 31, 1922. On the conclusion of the private agreements referred to in Article III, these insurance contracts shall be converted into insurance contracts expressed in terms of cash, so that 75% of the premiums which have fallen due or been paid, as the case may be (after deducting incidental charges), between the date upon which the insurance contract was concluded and December 31, 1922, shall be capitalised as a gross sum.

VI.

The proportional reserves required to cover the Czechoslovak policy holdings as defined in Articles IV and V of the present Convention shall be calculated as on December 31, 1922, and shall be expressed in terms of Czechoslovak crowns, taking into account the insurance payments which have matured since February 26, 1919.

The reserves for premiums, the rate of interest, the mortality tables to be employed, etc., shall be calculated in accordance with the methods followed by the private insurance companies in fixing their life insurance premium reserves, whether the companies in question have been first registered in one or the other of the two Succession States of the former Austro-Hungarian Monarchy.

The proportional reserves for the insurance contracts referred to in Article V shall be equal to 75% of the premiums payable or paid, as the case may be, between the date upon which the insurance contract was concluded and December 31, 1922.

VII.

The following assets shall be employed, in the order given below, as cover for the proportional reserves referred to in Article VI and for the interest on such reserves as from December 31, 1922, until the above-mentioned private agreements come into force:

- (a) Public Debt bonds issued by the Czechoslovak Republic.
- (b) Loans on life insurance policies, forming part of the Czechoslovak policy holdings.
- (c) Immovable property situated in the territory of the Czechoslovak Republic.
- (d) Gilt-edged securities (mortgage loans, communal stock, etc.) issued by public or private institutions (financial institutions, etc.) whose head offices are situated in the territory of the Czechoslovak Republic.
- (e) 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, in so far as such bonds are included in the Public Debt of the Czechoslovak Republic 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, namely:

- (1) bonds endorsed with the stamp of the Czechoslovak Republic;
- (2) bonds not bearing any distinctive mark in virtue of the aforesaid articles of the Treaties of Peace.

The total nominal value of the bonds referred to in paragraph (f) (2), of the present article which are employed by the Hungarian private insurance companies in question as cover for the proportional reserves of the Czechoslovak policy holdings shall not exceed 50,000,000 crowns.

VIII.

Should the assets referred to in the preceding article not be sufficient to cover the proportional reserves for the Czechoslovak policy holdings, the deficit may be covered by the public debt securities referred to in Article 188 of the Treaty of Trianon and Article 205 of the Treaty of St. Germain respectively. Such securities shall be dealt with by the Czechoslovak Republic in accordance with its legislation.

IX.

The securities referred to in paragraphs (a), (d), (e) and (f) (1) of Article VII shall be valued at their nominal value.

The valuation of the assets referred to in paragraph (c) of Article VII shall be effected under the aforesaid private agreements.

The bonds referred to in paragraph (f) (2) of Article VII shall be valued at their nominal value, each crown being regarded as equivalent to a Czechoslovak crown.

X.

When the present Convention has come into force, the Hungarian private insurance companies referred to above shall, as from February 26, 1919, pay in Czechoslovak crowns, at the rate of one Czechoslovak crown for every Hungarian or Austrian crown, all claims arising out of the insurance contracts included in the Czechoslovak policy holdings, provided that the proportional reserves for the Czechoslovak policy holdings of the aforesaid companies are completely covered by the assets referred to in Articles VII and VIII.

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

XI.

The Government of the Czechoslovak Republic shall endorse at their full nominal value the bonds referred to in Article VII, paragraph (f) 2, so far as may be necessary to cover the proportional reserves as at December 31, 1922, up to a maximum of 50,000,000 crowns nominal. Dividend warrants for such bonds shall be honoured by the Czechoslovak Government as from the date of the coming into force of the Treaties of Peace.

XII.

Within six months as from the coming into force of the present Convention the competent authorities in the two States shall determine, by inspecting within their own territory the operations of the private insurance companies concerned, whether the private agreements referred to in Article III of the present Convention have been concluded in conformity with the above provisions

(IV-X). Any irregularities shall be rectified within twelve months as from the date of the coming into force of the present Convention.

XIII.

The Hungarian Government shall permit the export to Czechoslovak territory of any securities in Hungarian territory which are to be employed, under the aforesaid private agreements, to cover the proportional reserves for the Czechoslovak holdings.

The Czechoslovak Government shall permit the importation of such securities duty-free.

XIV.

If, within four months from the date of the entry into force of this Convention, a Hungarian private insurance company coming under the provisions of the present Convention has not concluded a private agreement under Article III in respect of its Czechoslovak policy holdings, or if the competent authorities have not approved a private agreement so concluded, the authorities of the two States shall by common agreement and under their respective legislations, take such measures as may be necessary in the interests of the insured persons in either State.

XV.

The provisions of Articles III-XIV shall similarly be applicable to the respective re-insurance contracts.

XVI.

Approval by the competent Czechoslovak authorities of the private agreements referred to in Article III shall release the Hungarian private insurance companies in question from all their obligations in respect of the insured persons.

The Czechoslovak Government shall inform the Hungarian Government of such approval.

XVII.

The provisions of Articles III-V shall be applicable in the same way to Hungarian life insurance policy holdings belonging to private insurance companies the present head offices of which are in the Czechoslovak Republic and which, before February 26, 1919, had concluded life insurance contracts in the territory of the Kingdom of Hungary (Article XX). The proportional reserves for these policy holdings shall be converted into cash and payment under the old insurance contracts which were concluded in old Hungarian and Austrian crowns shall be effected in Hungarian crowns.

XVIII.

In so far as the provisions of Article 198 of the Treaty of Trianon regarding insurance companies are concerned, the present Convention shall be considered as a financial adjustment concluded 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 connected with the insurance companies belonging to their respective countries.

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

XIX.

In order to facilitate the application of this Convention, both Governments shall, within four weeks from the coming into force of the Convention, and by enacting appropriate legislation, 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 February 26, 1919, and expressed in terms of old Hungarian or Austrian crowns shall be suspended for a period of four months as from the date of the coming 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 permanent domicile or principal place of business is situated in that State.

No conservatory measures or measures for the forced execution of such claims may be taken ; any such measures already pending shall be officially suspended.

The period during which legal proceedings concerning the claims referred to in the second sub-paragraph of the present article are suspended shall not count as part of the period of prescription or the legal time-limit fixed for the institution of proceedings for the enforcement of claims.

The Czechoslovak Government declares its readiness to assent to the prolongation, from four months to twelve, of the period fixed in the first sub-paragraph of the present article, should all the insurance companies coming under the provisions of the present Convention conclude the private agreements laid down in Article III.

XX.

Wherever, in the present Convention, mention is made of the territory of the State, this term shall be taken to mean the territory as defined by the Treaties of Trianon, St. Germain and Versailles, or as fixed, or to be fixed by the Conventions and executory measures concluded and agreed to between the States concerned in virtue of these Treaties.

XXI.

Any disputes arising out of the present Convention between the two Governments shall be decided by an arbitral tribunal. The two Governments shall each appoint a member of this tribunal.

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

The tribunal shall also be competent to give a decision concerning the costs of the proceedings.

XXII.

The present Convention shall come into force on the date upon which the instruments of ratification are exchanged between the two States at Budapest.

Done in French, in duplicate : one copy has been delivered to each of the two Governments.

PRAGUE, *July 13, 1923.*

For the Kingdom of Hungary :

IVÁN DE OTTLIK, m. p.

For the Czechoslovak Republic :

Dr. BOHUMIL VLASÁK, m. p.

FINAL PROTOCOL

RELATING TO THE CONVENTION CONCLUDED IN VIRTUE OF ARTICLE 198 OF THE TREATY OF TRIANON BETWEEN THE KINGDOM OF HUNGARY AND THE CZECHOSLOVAK REPUBLIC, REGARDING THE RECIPROCAL TREATMENT OF PRIVATE INSURANCE UNDERTAKINGS AND THE FINANCIAL ADJUSTMENT OF FORMER LIFE INSURANCE CONTRACTS CONCLUDED IN OLD HUNGARIAN AND AUSTRIAN CROWNS.

The undersigned Plenipotentiaries here present :

For the KINGDOM OF HUNGARY :

H. E. Iván DE OTTLIK, Privy Councillor, Chamberlain, Secretary of State ;

For the CZECHOSLOVAK REPUBLIC :

Dr. Bohumil VLASÁK, First Chief of Section of the Ministry of Finance,

At the moment of signing the Convention concluded this day have agreed to the arrangements and have made the declarations hereinafter described :

Paragraph 1.

The States mentioned in Article 1 of this Convention shall be taken to include also the third States to which territory of the former Austro-Hungarian Monarchy has been transferred, or which have been formed as a result of the partition of the Monarchy.

Paragraph 2.

The Hungarian Government has expressed a desire that the following provision should be inserted as a second paragraph of Article II :

“ Should the said companies desire to transfer their policy holdings to a new company which may be founded in the other State, the latter shall not have power to refuse to such new company permission to carry on business, unless the company fails to comply with the laws of the country.”

In view of the concessions which it has already granted, the Czechoslovak Government declares the Hungarian Government's suggestion unnecessary. In virtue of the Convention about to be concluded, it will in the near future grant such permission to the “ Domov ”, a general insurance limited liability company of Bratislava, which is the only insurance company coming within the scope of the Convention.

Paragraph 3.

The Governments of the two States will employ all means at their disposal to ensure that the private agreements referred to in Article III of the present Convention shall be concluded as soon as possible and at latest within four months from the date of the entry into force of this Convention.

Paragraph 4.

The Czechoslovak Government declares that it will regard as unstamped any of the bonds referred to in paragraph (1) (2) of Article VII of the Convention which have been stamped and

subsequently cancelled by Hungary, Austria or a State to which any part of the former Austro-Hungarian Monarchy has been ceded.

Should it be necessary in application of this Convention subsequently to endorse or annul the endorsement on bonds referred to in paragraph (f) (2) of Article VII which have already been stamped by the Kingdom of Hungary or the Czechoslovak Republic, the Contracting Parties will apply to the Reparation Commission in order to obtain its consent, if necessary.

Paragraph 5.

At the instance of the "Gazdák Biztosító Szövetkezete" (Farmers' Co-operative Insurance Society) of Budapest, the Hungarian Government has informed the Czechoslovak Government that, prior to the conclusion of the present Convention, the said company has transferred all its Czechoslovak policy holdings, together with the proportional reserves thereof, to the "Karthia Agricultural Co-operative Insurance Society for Slovakia and Sub Carpathian Russia", of Bratislava.

The Czechoslovak Government hereby notes the communication of this information and, after the "Gazdák" Co-operative Society has submitted its original documents, will carefully examine the matter in the light of the provisions of this Convention, and with due regard for the rightful interests of the Society.

The present Final Protocol, which shall be ratified at the same time as the Convention concluded this day, shall be regarded as forming an integral part of the Convention, and consequently shall have the same force and value as the latter.

In faith whereof the Plenipotentiaries of the two States have signed the present Protocol, drawn up in French, in duplicate; one copy has been delivered to each of the two Governments.

PRAGUE, July 13, 1923.

For the Kingdom of Hungary :
IVÁN DE OTTLIK, m. p.

For the Czechoslovak Republic :
Dr. BOHUMIL VLASÁK, m. p.