

N° 1111.

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## HONGRIE ET ROUMANIE

Convention relative à l'ajustement financier des entreprises d'assurance privées et au traitement réciproque desdites entreprises, avec protocole de signature, signés à Bucarest, le 16 avril 1924.

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## HUNGARY AND ROUMANIA

Convention regarding the Financial Adjustment of matters relating to Private Insurance Companies and the Reciprocal Treatment of these Companies, with Protocol of Signature, signed at Bucharest, April 16, 1924.

<sup>1</sup> TRADUCTION. — TRANSLATION.

No. 1111. — CONVENTION<sup>2</sup> BETWEEN HUNGARY AND ROUMANIA REGARDING THE FINANCIAL ADJUSTMENT OF MATTERS RELATING TO PRIVATE INSURANCE COMPANIES AND THE RECIPROCAL TREATMENT OF THESE COMPANIES, SIGNED AT BUCHAREST, APRIL 16, 1924.

*French official text communicated by the "Chargé des Affaires" of the Royal Hungarian Delegation accredited to the League of Nations. The registration of this Convention took place February 27, 1926.*

HIS MOST SERENE HIGHNESS THE REGENT OF HUNGARY and HIS MAJESTY THE KING OF ROUMANIA, desirous of reaching an agreement for the financial adjustment of matters relating to private insurance companies, as provided in Article 198 of the Treaty of Trianon, and for the reciprocal treatment of these companies,

Have resolved to conclude a Convention for that purpose and have appointed as their Plenipotentiaries :

HIS MOST SERENE HIGHNESS THE REGENT OF HUNGARY :

M. R. DE WODIANER, Envoy Extraordinary and Minister Plenipotentiary ;

HIS MAJESTY THE KING OF ROUMANIA :

M. Nicolas N. FILODOR, Envoy Extraordinary and Minister Plenipotentiary, Secretary-General of the Royal Ministry for Foreign Affairs ;

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

## SECTION I.

## CLAUSES CONCERNING THE SETTLEMENT OF FORMER LIFE ASSURANCE CONTRACTS.

*Article 1.*

Private insurance companies whose head offices are in Hungarian territory, as defined by the Treaty of Trianon, and which, before October 31, 1918, had transacted business in the territory ceded to the Kingdom of Roumania in consequence of the Treaties of Trianon and St. Germain, shall, by agreement, transfer their holdings in life assurance policies arising from such transactions and

<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 3, 1924. See No. 1106, page 325, Vol. XLV of this Series.

constituted as provided in the present Convention to a private insurance company freely selected by them from among those designated by the Roumanian Government.

Similar arrangements shall be made in regard to Hungarian holdings in life assurance policies issued by private insurance companies whose head office is now situated in the territory ceded to the Kingdom of Roumania in consequence of the Treaty of Trianon and which, before October 31, 1918, transacted business in the above-mentioned Hungarian territory. In this case, the Hungarian Government shall designate the successor companies from among which the Roumanian companies may make a free selection.

#### *Article 2.*

The Hungarian private insurance companies mentioned in first paragraph of the previous Article shall separate from their other life assurance policy holdings all life assurance and life annuity contracts (including accident annuity contracts) concluded by their head offices or branches situated in any country before December 31, 1921, and arising in the course of their business in the above-mentioned territories.

These insurance contracts will be described hereinafter as " Roumanian policy holdings ".

Insurance contracts included in the Roumanian policy holdings shall be divided into two groups :

- (1) Contracts expressed in former Hungarian or Austrian crowns ;
- (2) Contracts expressed in Roumanian lei.

This separation of Roumanian policy holdings and the settlement of obligations incurred under the above life assurance contracts shall be effected by the Hungarian private insurance companies concerned in conformity with the provisions laid down in Articles 3 to 10 of the present Convention.

#### *Article 3.*

(1) Contracts concluded by persons whose permanent domicile — or, in the case of legal entities, head office — was situated both on October 31, 1918, and on December 31, 1923, in the Roumanian territories mentioned in Article 1, first paragraph, shall, irrespective of the nationality of the insured person, be included in the Roumanian policy holdings. These holdings shall not include contracts in respect of insured persons who were Hungarian nationals on December 31, 1923, and who, within a period of four months as 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 permanent domicile (head office) was not, on one or both of the aforesaid dates, situated in the above-mentioned Roumanian territory shall be included in the Roumanian policy holdings if, on December 31, 1923, the insured person was a Roumanian national, having acquired such nationality under the Treaty of Trianon or the Treaty of St. Germain, and :

- (a) If he had paid to an office belonging to the Hungarian company in question and established in the present territory of the Kingdom of Roumania the last premium due before October 31, 1918, and the last premium due before December 31, 1923 ;
- (b) Or if, having, subject to reservations, paid the premiums referred to in the previous paragraph to an office established outside the present Roumanian territory, he applies, within a period of three months as from the date of the entry into force of the present Convention, for the inclusion of his contract in the Roumanian policy holdings ;
- (c) Or if 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 Roumanian policy holdings, provided that an extended time-limit has been accorded for the payment of the premiums referred to in paragraph (a).

These provisions shall similarly apply to annuity policies.

If the policy has matured within the period between October 31, 1918, and December 31, 1923, or has been surrendered, the date on which it matured or was surrendered shall be substituted for the date December 31, 1923, mentioned in paragraphs 1 and 2.

*Article 4.*

Notwithstanding the provisions of the preceding Article, life assurance policies (proportionate annuities) shall not be included in the Roumanian policy holdings :

- (1) If they matured before October 31, 1918 ;
- (2) If they matured after October 31, 1918, but the sums (surrender values, etc.) due were paid by the Hungarian insurance companies in Hungarian or Austrian crowns with the consent of the claimant.
- (3) Further, the Roumanian policy holdings shall not include :
  - (a) The contracts of insured persons who, since June 10, 1919, have voluntarily and explicitly paid the premiums in Hungarian or Austrian crowns (legal currency in Hungary or Austria as the case may be).
  - (b) Insurances concluded after June 10, 1919, explicitly in Hungarian or Austrian crowns (legal currency in Hungary or Austria as the case may be).
  - (c) Life assurances expressed in terms of Hungarian or Austrian War Loan bonds (War Loan assurances)

*Article 5.*

The actuarial reserves required to cover the Roumanian policy holdings, as defined in Articles 3 and 4 of the present Convention, shall be calculated as at December 31, 1923, taking into account the insurance payments which have matured since October 31, 1918.

The right of verification being retained by both Parties, the premium reserves shall be calculated in accordance with the rules which were followed by the private insurance companies originally established in the two States of the former Austro-Hungarian Monarchy in establishing their premium reserves, rate of interest, mortality tables to be employed, etc.

The amount of the actuarial reserves in respect of the remaining policy holdings, calculated in Hungarian and Austrian crowns, shall be converted into Roumanian lei at the rate of one leu to two former Hungarian or Austrian crowns.

*Article 6.*

The following assets of the insurance companies shall be employed, in the order given below, as cover for the actuarial reserves referred to in Article 5 and for the interest on such reserves as from December 31, 1923, until the coming into force of the agreements concerning insurances belonging to the group of Roumanian policy holdings mentioned in Article 2, first paragraph :

- (a) Public Debt bonds issued by the Kingdom of Roumania ;
- (b) Loans made (paid) in former Hungarian or Austrian crowns or in Roumanian lei on life assurance policies forming part of the Roumanian policy holdings ;
- (c) Immovable property situated in the territory of the Kingdom of Roumania ;
- (d) Gilt-edged securities (mortgage bonds, communal stock, etc.) issued by public or private financial or other institutions whose head offices are situated in the territories ceded to Roumania in consequence of the Treaty of Trianon or the Treaty of St. Germain. Bonds issued by public or private institutions whose registered

- offices are situated in the former territory of Roumania shall also be employed as cover, provided that they are quoted on the Bucharest Stock Exchange ;
- (e) Public Debt bonds referred to in Article 186, paragraph 1, of the Treaty of Trianon or in Article 203, paragraph 1, of the Treaty of St. Germain, in so far as such bonds are included in the Public Debt of the Kingdom of Roumania under the provisions of the said Treaties.
  - (f) Public Debt bonds referred to in Article 186, paragraph 2, of the Treaty of Trianon or in Article 203, paragraph 2, of the Treaty of St. Germain, viz. :
    - (1) Bonds endorsed with the nationalisation stamp of the Kingdom of Roumania ;
    - (2) Bonds not bearing any distinctive mark in virtue of the aforesaid Articles of the Treaties of Peace, and bonds already endorsed with the nationalisation stamp of Hungary, Austria or one of the Succession States of the former Austro-Hungarian Monarchy but having the endorsement cancelled (denationalised) by the State concerned.

#### Article 7.

The securities referred to in paragraph (a) and those referred to in paragraph (d) of Article 6, if expressed in Roumanian lei, shall be valued at the mean rate quoted on the Bucharest Stock Exchange on the day before the date of the actual transfer of the above-mentioned actuarial reserves.

The securities referred to in paragraph (d) of Article 6, if expressed in Hungarian or Austrian crowns, shall be converted into Roumanian lei at the rate of two crowns to one leu, and shall be valued at their nominal value if they bear interest at not less than 5 %<sup>o</sup>. If they bear interest at less than 5 %<sup>o</sup>, such securities shall be valued by agreement between the companies concerned.

If the loans mentioned in paragraph (b) of Article 6 were made (paid) in former Hungarian or Austrian crowns up to June 10, 1919, and thereafter in crowns bearing the Roumanian stamp, they shall be valued at the rate of two crowns to one leu.

The securities referred to in paragraphs (e) and (f) of Article 6 shall be valued at their nominal value at the rate of two crowns to one leu.

The valuation of the assets mentioned in paragraph (c) of Article 6 shall be effected by agreement between the companies concerned.

#### Article 8.

Securities held by insurance companies, expressed in Roumanian lei, and admissible under Roumanian legislation as cover for life assurance actuarial reserves shall be employed as cover for the actuarial reserves of insurance contracts expressed in Roumanian lei and in force on the date of the actual transfer of the said reserves. These securities shall also be valued in accordance with the legislation referred to.

#### Article 9.

Should the assets referred to in Articles 6 and 8 not be sufficient to cover in full the actuarial reserves for the Roumanian policy holdings, the difference may be covered by other securities or by pledges admitted by the Roumanian Government (pupillary mortgage securities on the immovable property of the companies concerned situated in a State other than Roumania, etc.), or in cash, regard being had in every case to the liabilities of the companies in States other than Roumania.

#### Article 10.

When the present Convention has come into force, all claims against the above-mentioned Hungarian private insurance companies arising out of the insurance contracts included in the

Roumanian policy holdings shall be paid, as from October 31, 1918, in Roumanian lei, the rate for contracts expressed in former crowns being one Roumanian leu to two Hungarian or Austrian crowns, provided that the actuarial reserves for the Roumanian policy holdings of the aforesaid companies are completely covered by the assets referred to in Articles 6, 8 and 9.

This provision shall similarly apply to the payment of premiums and loans on policies which have been or may be made by insured persons after October 31, 1918.

The provisions of first and second paragraphs of this Article shall not apply to claims arising out of insurance contracts (maturity, surrender, premiums, etc.) paid in the present territory of the Kingdom of Roumania in former Hungarian or Austrian crowns between October 31, 1918, and June 10, 1919, or in crowns bearing the Roumanian stamp between June 10, 1919, and April 1, 1921.

#### Article 11.

Should the bonds referred to in paragraph (f) (2) of Article 6 be employed as cover for actuarial reserves in virtue of Article 6, the public debt represented by such bonds shall be treated on an equal footing with bonds stamped in Roumanian territory, as provided in Article 186 of the Treaty of Trianon or in Article 203 of the Treaty of St. Germain.

Dividend warrants for such bonds shall be subject to the general system followed by Roumania in her territory in respect of the bonds mentioned above.

#### Article 12.

The transfer of policy holdings and actuarial reserves from a company of one of the Parties to a private insurance company of the other Party may only be effected under the supervision and with the approval of both Parties, who shall approve such transfer provided that it conforms with the provisions of the present Convention.

The agreements mentioned in Article 1, the aforesaid transfer of movable and immovable property, the import or export of securities employed as cover for actuarial reserves as provided in Article 13, and all transactions carried out by insurance companies in pursuance of the present Convention, shall be exempt from all taxes, duties, fees and other public charges in the territories of both Contracting Parties.

Within six months as from the coming into force of the present Convention, the competent authorities of the two Parties shall determine, by inspecting within their own territory the operations of the private insurance companies concerned, whether the agreements referred to in Article 1 of the present Convention and the aforesaid transfer are in conformity with the provisions of Articles 3 to 10. Any irregularities shall be rectified within twelve months as from the date of the coming into force of the present Convention.

#### Article 13.

The Hungarian Government shall permit the export to Roumanian territory of any securities which are employed under the aforesaid agreements as cover for the actuarial reserves for the Roumanian policy holdings, provided that such securities are in Hungarian territory and that the agreements in question conform with the provisions of the present Convention.

The Roumanian Government, for its part, shall raise no objection to the importation of such securities.

#### Article 14.

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 transferred its Roumanian policy holdings as provided in Article 2, or if the competent authorities of the two Parties have not approved the aforesaid agreements between the companies concerned, the

authorities of the two Parties shall, by common consent and in accordance with the legislation in force in their respective territories, take such measures as may be necessary to protect the interests of the insured persons of each of the Contracting Parties.

If, within four months from the date of the entry into force of this Convention, any of the above-mentioned companies has not concluded an agreement for the transfer of the cover for its Roumanian policy holdings as provided in Article 1, such holdings shall be transferred to the Roumanian Government or to a private insurance company selected by that Government.

#### Article 15.

The provisions of Articles 2 to 14 shall similarly be applicable to the respective re-insurance contracts.

#### Article 16.

The approval by the competent authority of the Roumanian Government of the agreements between the companies concerned, and of the transfer of the Roumanian policy holdings and the actuarial reserves in respect thereof or cover for such reserves, shall release the Hungarian private insurance companies concerned from all their liabilities to insured persons whose policies are included in the Roumanian holdings. The Roumanian Government shall notify the Hungarian Government of such approval.

#### Article 17.

The provisions of Articles 2, 3, 5, and 12 to 16 shall apply in the same way to Hungarian life assurance policy holdings belonging to private insurance companies whose present registered offices are situated in the territories ceded to Roumania in consequence of the Treaty of Trianon, and which, prior to October 31, 1918, had concluded life assurance contracts in Hungarian territory as defined in the Treaty of Trianon. The actuarial reserves for these policy holdings shall be converted into cash, and payment under the old insurance contracts which were concluded in former Hungarian or Austrian crowns shall be effected in Hungarian crowns.

#### Article 18.

If the periods of prescription, limitation or foreclosure in respect or the obligations laid down by the present Convention in favour of Roumanian or Hungarian nationals have not expired before November 3, 1918, they shall cease to run as from that date until the day on which the present Convention comes into force, when they shall again begin to run.

Within four weeks following the coming into force of this Convention, each party shall, by enacting legislation, take the following measures :

All legal proceedings already pending or to be instituted in respect of claims arising out of the insurance contracts mentioned in Article 2 shall be suspended for a period of six 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, irrespective of their situation) whose head offices are in the territory of one of the Contracting Parties, and when the other is a national of the other Party or a person whose permanent domicile (place of business) is situated in the territory of the other Party.

No measures for preserving the *status quo* or for the forced execution of such claims may be taken. Any measures already taken shall be automatically suspended.

The period during which legal proceedings concerning the claims referred to in third paragraph of this Article are suspended shall not be included in the period of prescription and grace.

*Article 19.*

The present Convention and the Final Protocol relating thereto shall be regarded by both Parties as the settlement of the financial questions mentioned in Article 198 of the Treaty of Trianon in connection with insurance companies. As regards insurance companies, both Parties therefore renounce the right of appeal to the Reparation Commission provided for in that Article.

This settlement shall not affect other financial settlements, and shall in no way invalidate the provisions of the Treaties of Peace.

## SECTION II.

## CLAUSES CONCERNING THE RECIPROCAL TREATMENT OF PRIVATE INSURANCE COMPANIES.

*Article 20.*

Each of the two Contracting Parties shall accord to private insurance companies whose registered offices are situated in the territory of the other Party the same treatment as it accords to similar companies of a third State licensed after the coming into force of the present Convention. This provision shall also apply to the granting to private insurance companies or their branches (representatives, principal and subsidiary agencies, etc.) of permission to carry on business, to the operations of these companies, and to the taxes, duties, fees and other public charges to which they may be subject.

## SECTION III.

## FINAL CLAUSES.

*Article 21.*

All disputes arising out of the application of the present Convention shall be submitted to a Court of Arbitration consisting of two members, one appointed by each Party, who shall elect a President by common agreement.

In case of failure to reach an agreement on the point, the President shall be designated by the President of the Swiss Federal Council.

The Court shall sit at Bucharest, Cluj, or Budapest, at the President's choice, and shall be competent to give a decision concerning the costs of the procedure.

*Article 22.*

The present Convention shall come into force eight days after the exchange of the instruments of ratification, which shall take place at Budapest.

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

Done in duplicate at Bucharest on April 16, 1924.

(L. S.) (Signed) R. DE WODIANER.

(L. S.) (Signed) N. N. FILODOR.



## PROTOCOL OF SIGNATURE.

At the moment of signing the Convention of this day's date, the undersigned Plenipotentiaries have agreed as follows :

(1) The States mentioned in Article 20 of the present Convention shall include also third States to which part of the territory of the former Austro-Hungarian Monarchy has been ceded or which have been constituted as a result of the dismemberment of that monarchy.

(2) In virtue of Article 1, the Roumanian Government hereby designates the following private insurance companies to which the holdings referred to in Article 2 may be transferred :

- " Agricola ", General Insurance Company, Ltd., Bucharest ;
- " Agronomul ", Insurance Institution, Ltd., Arad ;
- " Dacia Romania ", General Insurance Company, Ltd., Bucharest ;
- " Fonciera ", General Insurance Company, Ltd., Cluj ;
- " Generala ", Roumanian General Insurance Company, Bucharest ;
- " Nationala ", General Insurance Company, Bucharest ;
- " Prima-Ardeleana ", General Insurance Company, Cluj ;

The Roumanian Government reserves the right to add to this list, if necessary, further private insurance companies to which the holdings in question may be transferred.

Should a Hungarian insurance company falling under the provisions of this Convention wish to transfer its policy holdings to one of the above-mentioned insurance companies, the Roumanian Government shall not withhold its approval unless the company concerned is unable to show, on the demand of the Roumanian Government, that 60 % of its issued capital is held by Roumanian nationals.

(3) The Governments of both Parties shall do all in their power to enable the agreements mentioned in Article 1 of the present Convention to be concluded without delay, and in any case not later than four months after the coming into force of the present Convention.

(4) Insurance contracts belonging to the Hungarian insurance companies mentioned in Article 4, paragraphs 1 and 3, which are not transferred as provided in the present Convention, shall be liquidated directly as follows :

(1) Debts and claims arising out of the insurance contracts mentioned in Article 4, paragraph 1, and not yet paid, shall be governed by the general clauses of the Convention of this day's date concerning the release of deposits and the settlement of debts and claims in former Austrian and Hungarian crowns ;

(2) The liquidation of the contracts referred to in Article 4, paragraph 3, shall be effected in accordance with the terms of those contracts.

(5) Insurances which matured and were paid up to December 31, 1923, and which are included in the actuarial reserves as provided in Article 5, first paragraph, shall be covered in the first place by claims arising out of life assurance premiums due up to December 31, 1923, and collected or due for collection by a Roumanian insurance company on behalf of the Hungarian insurance company concerned.

Should the claims in question (premiums) of a Hungarian insurance company be insufficient to cover in full the reserves for those insurances, the difference shall be covered by the securities enumerated in Articles 6, 8 and 9. If the amount of such claims (premiums) exceeds the amount of the insurances paid, the balance of those claims (premiums) shall be employed to cover the actuarial reserves for the other insurances belonging to the Roumanian policy holdings.

(6) In accordance with the provisions of Article 11, both Parties shall notify the Reparation Commission that the bonds mentioned in that Article are to be considered as part of the block stamped by Roumania.

(7) It is understood that the application of the provisions of Article 255 of the Treaty of Trianon concerning the continuance of the business formerly carried on by the private insurance companies of the Contracting Parties in their respective territories shall not in any way affect the provisions of Article 20 of the present Convention concerning the reciprocal treatment to be granted in future to private insurance companies of the Contracting Parties.

(8) Premiums due but not paid in respect of accident insurance contracts expressed in former Austrian or Hungarian crowns, and liabilities for pecuniary compensation which have not yet been met arising out of the aforesaid insurance contracts, shall be dealt with under the Convention of this day's date concerning the release of deposits and the settlement of debts and claims in former Austrian and Hungarian crowns, provided, however, that the rate of exchange shall be reckoned at one leu to two crowns regardless of the date on which the premium fell due or the accident took place.

The foregoing provisions concerning pecuniary compensation shall not apply unless the insured person has paid the premiums due up to the date of the accident in former Austrian or Hungarian crowns, in crowns bearing the Roumanian stamp, or in lei.

The present Protocol of Signature, ratified simultaneously with the Convention of this day's date, shall be considered an integral part of that Convention and shall have the same force and validity.

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

Done in duplicate at Bucharest on April 16, 1924.

(L. S.) (Signed) R. DE WODIANER.

(L. S.) (Signed) N. N. FILODOR.