



Treaty Series No. 9 (1950)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of Finland
constituting an Agreement relating to
Insurance and Reinsurance Contracts

[with Annex]

London, 28th December, 1949

*Presented by the Secretary of State for Foreign Affairs to Parliament
by Command of His Majesty*

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Cmd. 7886

**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN
IRELAND AND THE GOVERNMENT OF FINLAND CON-
STITUTING AN AGREEMENT RELATING TO INSURANCE
AND REINSURANCE CONTRACTS**

London, 28th December, 1949

No. 1

*The Secretary of State for Foreign Affairs to the Finnish
Minister in London*

Foreign Office, S.W. 1.

Your Excellency,

December 28th, 1949.

As the result of negotiations which have recently taken place between the Finnish and United Kingdom authorities with a view to the conclusion of an Agreement relating to contracts of insurance and reinsurance pursuant to Annex V.A. 4. of the Treaty of Peace between the Allied and Associated Powers and Finland, signed at Paris on 10th February, 1947,⁽¹⁾ the British Insurers and the Finnish Insurance Companies have agreed that the arrangements set forth in the Annex to the present note should form the basis of such an Agreement.

His Majesty's Government in the United Kingdom approve of the provisions of this arrangement and, if they are likewise acceptable to the Finnish Government, I have the honour to suggest that the present note and its Annex, together with your Excellency's reply to that effect, should be considered as constituting an Agreement between the two Governments, which shall take effect on this day's date.

I have, &c.
(Sd.) ERNEST BEVIN.

ANNEX

CLAUSES AGREED BY BRITISH AND FINNISH INSURERS FOR INCLUSION IN AN AGREEMENT BETWEEN GREAT BRITAIN AND FINLAND PURSUANT TO ANNEX V.A. 4. OF THE TREATY OF PEACE WITH FINLAND

1. For the purposes of this Agreement the date from which the parties became enemies shall be deemed to be 2nd August, 1941.

2. The application of this Agreement shall be without prejudice to any action taken pursuant to the provisions of the Trading with the Enemy legislation in the United Kingdom or for the purpose of any earlier agreement or arrangement made between the United Kingdom and Finland.

Contracts of Insurance and Reinsurance

3. Contracts of Insurance and Reinsurance will be dealt with in accordance with the following paragraphs:—

Insurance and Reinsurance (Other than Life)

4. Contracts of Insurance other than Life Insurance or Marine and Aviation Insurance between parties who subsequently became enemies shall

⁽¹⁾ "Treaty Series No. 53 (1948)," Cmd. 7484.

be deemed not to have been dissolved by the outbreak of war, or by the fact of the parties becoming enemies provided that—

- (a) the risk had attached before the parties became enemies; and
- (b) the Insured had paid within six months from the date of the inception of the insurance, or from the due date where such date is specially indicated, all moneys owed by way of premium or consideration for effecting or keeping effective the Insurance in accordance with the contract.

5. Contracts of Marine and Aviation Insurance between parties who subsequently became enemies shall be deemed not to have been dissolved by the outbreak of war or by the fact of the parties becoming enemies provided that—

- (a) the risk had attached before the parties became enemies; and
- (b) the Insured had paid before the date at which the parties became enemies all moneys due by way of premium or consideration for effecting or keeping effective the Insurance in accordance with the contract.

6. In the event of the Insured having made the payment referred to in paragraph 4 (b) or 5 (b) above in respect of part only of the period for which the contract was effected, then the contract shall be deemed to have been in force for that part only of its period for which such premium or consideration has been paid.

7. Contracts of Insurance other than those remaining in force under the preceding paragraphs shall be deemed not to have come into existence and no payment shall be due from one party to the other. In such cases any moneys paid by way of premium or consideration shall be recoverable from the Insurer.

8.—(a) Where an Insurance has been transferred during the war from the original to another Insurer, or has been wholly reinsured, the transfer or reinsurance shall, whether effected voluntarily or by administrative or legislative action, be recognised and the liability of the original Insurer shall be deemed to have ceased as from the date of the transfer or reinsurance. Where an Insurance has been partly reinsured during the war the reinsurance shall, if the British Insurer so elects, also be recognised. The original Insurer shall be entitled to receive on demand full information as to the terms of the transfer or reinsurance, and, if it should appear that those terms were not equitable, they shall be amended so far as may be necessary to render them equitable.

(b) The Insured shall, subject to the concurrence of the original Insurer, be entitled to retransfer the contract to the original Insurer as from the date of the Insured formulating a demand to that effect.

(c) Appropriate premium shall be payable in respect of any period unexpired as at the date of the transfer or reinsurance or retransfer of the original Insurance by the party relieved of liability to the party which assumes the liability during such unexpired period.

9. Treaties of Reinsurance between parties who subsequently became enemies shall, except as provided below, be deemed to have been determined as at the date the parties became enemies.

10. Subject to any specific provisions in the Reinsurance Treaty, or in default of agreement between the parties as to the manner of accounting, the Reinsurer shall be relieved of all liability for losses occurring on or after the date at which the parties became enemies; all cessions under the

Reinsurance Treaty shall be cancelled as at that date; the Reinsurer shall take credit for all earned premium and give credit for all unearned premium on a *pro rata temporis* basis.

Provided always that cessions in respect of voyage risks which had attached under a Treaty of Marine Reinsurance shall remain in full effect until their natural expiry in accordance with the terms and conditions on which the risk has been ceded.

11. Unless otherwise mutually agreed between the parties, contracts of Excess of Loss Reinsurance on an "Excess of Loss Ratio" basis shall be deemed to have been cancelled as from inception and any payments made thereunder shall be refunded, or brought into account between the parties.

12. Contracts of Facultative Reinsurance between parties who subsequently became enemies shall, except as hereinafter provided, be deemed to have been determined as at the date upon which the parties became enemies. Where, however,

- (a) the risk had attached before the parties became enemies and
- (b) all moneys owed by way of premium or consideration for effecting or keeping effective the reinsurance had been paid or set off in the customary manner,

the Reinsurer shall respond for losses recoverable under the contract which occurred before the date at which the parties became enemies and shall be relieved of all liability for losses which occurred on or after the date at which the parties became enemies. The Reinsurer shall take credit for earned premium and give credit for unearned premium on a *pro rata temporis* basis.

13. Subject to provisos (a) and (b) set out in paragraph 12, contracts of Facultative Reinsurance of voyage risk shall be deemed not to have been determined and shall continue in accordance with the terms and conditions on which the risk had been ceded until the natural expiry of the original Insurance and the premium or consideration for such voyage risk shall be deemed fully earned by the Reinsurer.

14. Contracts of Facultative Reinsurance other than those complying with the provisos (a) and (b) in paragraph 12 and the provisions of paragraph 13 shall, unless the parties mutually agree to the contrary, be deemed not to have come into existence and no payment shall be due from one party to the other. In the event of the risk not having attached before the date at which the parties became enemies any moneys paid by way of premium or consideration shall be recoverable from the Reinsurer.

15. Contracts of Facultative Reinsurance shall not be deemed to have been determined as provided under 12, but shall be deemed to have continued in force if such contracts have been effected in respect of Contracts of Insurance which are maintained in accordance with the provisions of paragraphs 4, 5 and 6.

16. Contracts of Reinsurance voluntarily effected before the parties became enemies, with the object of relieving the original Insurer of liabilities in the territory concerned in the event of the parties becoming enemies, shall not be deemed to have been determined but shall be regarded as reinsurance within the meaning of paragraph 8 (a) above.

17. There shall be an adjustment of accounts between the same two parties and into the accounts in order to establish a resulting balance shall be brought all balances of accounts (which accounts shall include an agreed reserve for losses still outstanding) and all moneys which may be due from

one party to the other under all Treaties of Reinsurance or Contracts of Facultative Reinsurance which have been in existence between them, or returnable under the provisions of paragraphs 11 and 14. The provisions of this paragraph relate only to contracts entered into before 2nd August, 1941.

18. Contracts of Insurance or Reinsurance (including cessions under Treaties of Reinsurance) shall be deemed not to cover losses or claims due to belligerent action by either Power of which any of the parties was a national, or by the Allies or Associates of such Power.

19. No interest shall be payable by any of the parties for any delay which, owing to the parties having become enemies, has occurred or may occur in the settlement of premium, or claims or balances in account.

20. Insurers shall not be liable for claims in so far as liability for such claims shall since the parties became enemies have been adversely affected by any modification or application of the terms of the contract contrary to its original intention, whether by enactment, administrative action or Court decision.

21. Except as provided in paragraphs 18 and 20, nothing in this Agreement shall nullify anything done in Finland before the date of the Agreement by any of the contracting parties in performance of Contracts of Insurance or of facultative reinsurance other than contracts to which paragraphs 4, 5 and 12 apply.

Insurance and Reinsurance (Life Clauses)

22. Contracts of life insurance (and of facultative reinsurance of life risks) between parties who subsequently became enemies shall be deemed not to have been dissolved by the outbreak of war or by the fact of the parties becoming enemies, and in determining the obligations of the parties all the terms of the contracts shall, except where the parties mutually agree, be regarded as being in full force.

23. Insurers shall not be liable for claims in so far as liability for such claims shall since the parties became enemies have been adversely affected by any modification or application of the terms of the contract contrary to its original intention, whether by enactment, administrative action or Court decision.

24. Treaties of reinsurance between parties who subsequently became enemies shall be deemed to have been determined as at the date the parties became enemies.

No. 2

The Finnish Minister in London to the Secretary of State for Foreign Affairs

Finnish Legation,

Your Excellency,

London, December 28th, 1949.

I have the honour to acknowledge the receipt of your Excellency's note of to-day's date in the following terms:—

[As in No. 1.]

On instructions from my Government I have the honour to confirm their approval of the arrangement set forth in the Annex to your note, which, with the present reply, shall be regarded as constituting an agreement between the two Governments, which shall take effect on this day's date.

I have, &c.

(Sd.) EERO A. WUORI.

LONDON

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