20. Insurers shall not be liable for claims insofar 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.

EXPLANATORY NOTE

(This Note is not part of the Order, but is intended to indicate its general purport.)

The Order gives effect to an Agreement made on the 28th December, 1949, between His late Majesty's Government and the Government of Finland, pursuant to the Treaty of Peace with Finland, relating to contracts of insurance and contracts and treaties of reinsurance made before 2nd August, 1941 between parties who became enemies on that date as a result of the application of the provisions of the Trading with the Enemy Act, 1939, to Finland. The Schedule to the Order contains provisions to maintain in force or determine these contracts and treaties and to deal with the consequences thereof.

1954 No. 1463

The Insurance Contracts (War Settlement) (Italy) Order, 1954

Made - - - - - *4th November,* 1954
Coming into Operation *19th November,* 1954

At the Court at Buckingham Palace, the 4th day of November, 1954

Present,

The Queen's Most Excellent Majesty in Council

Whereas pursuant to Annex XVI, Part A, paragraph 4, of the Treaty of Peace with Italy, signed at Paris on the 10th day of February, 1947, on behalf of His late Majesty, Her Majesty's Government in the United Kingdom and the Government of Italy on the 1st day of June, 1954, entered into a separate Agreement relating to contracts of insurance and reinsurance:

And Whereas by Section 1 of the Insurance Contracts (War Settlement) Act, 1952(a), it is provided that Her Majesty may, by Order in Council, do all such things as appear to her to be necessary for carrying into effect the said Agreement:

And Whereas a draft of this Order has been approved by resolution of each House of Parliament:

Now, therefore, Her Majesty, in pursuance of the said Section and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

1.—(1) This Order may be cited as the Insurance Contracts (War Settlement) (Italy) Order, 1954.

(2) This Order shall come into operation on the 15th day after the date hereof.

2. The provisions of the said Agreement that are set out in the Schedule to this Order (herein called "the scheduled provisions") shall have the force of law in the United Kingdom in relation to any contract of insurance or contract or treaty of reinsurance which was made by persons who subsequently became enemies as the result of the war:

Provided that where one of the parties is an insurer having his principal place of business outside the United Kingdom or Italy the scheduled provisions shall only apply if:—

(*a*) the insurer is constituted or incorporated in or under the laws of Canada (including Newfoundland), Australia, New Zealand, the Union of South Africa, India, Pakistan, the Federation of Rhodesia and Nyasaland, Ceylon or Hong Kong and the contract or treaty was concluded by a branch or agent in the United Kingdom of the insurer aforesaid, or

(*b*) the insurer is constituted or incorporated in or under the laws of any territory which on the 11th day of June, 1940, was under Italian sovereignty and the contract or treaty was concluded by a branch or agent in the United Kingdom or Italy of the insurer aforesaid.

3. Nothing in this Order shall affect the operation of the Act of 1939 or any Order made or direction given thereunder as respects rights and liabilities arising under any such contract or treaty as aforesaid.

4.—(1) For the purposes of this Order and the scheduled provisions persons shall be deemed to have become enemies when trading between them became unlawful under the Act of 1939 as the result of the war:

Provided that the Act of 1939 shall be deemed to have had effect as if the territory which was, or was to be treated as, enemy territory consisted of territory which, on the outbreak of the war, was under the sovereignty of Italy.

(2) In this Order and the scheduled provisions unless the context otherwise requires—

"the Act of 1939" means the Trading with the Enemy Act, 1939(b), as amended by or under any enactment;

"insurer" includes reinsurer;

"the war" means the war between His late Majesty and Italy which began with the 11th day of June, 1940, and ended on the 15th day of September, 1947.

(3) The Interpretation Act, 1889(c), shall apply to the interpretation of this Order and the scheduled provisions as it applies to the interpretation of an Act of Parliament.

W. G. Agnew.

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 56. (b) 2 & 3 Geo. 6. c. 89. (c) 52 & 53 Vict. c. 63.

SCHEDULE

PART I

Contracts of Insurance and Contracts and Treaties of Reinsurance which had not terminated before the parties became enemies

1. Contracts of Insurance and Reinsurance will be dealt with in accordance with the following paragraphs.

Insurance and Reinsurance (Other than Life)

2. Contracts of Insurance other than Life Insurance or 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 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.

3. 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.

4. In the event of the Insured having made the payment referred to in paragraph 2 (*b*) or 3 (*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.

5. 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.

6. (*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 these 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.

7. Treaties of Reinsurance between parties who subsequently became enemies shall be deemed to have been determined as at the date the parties became enemies; all cessions thereunder shall be cancelled on that date and the Reinsurer relieved of all liability for losses occurring on or after that date, except as provided hereunder.

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, and

Provided further that War risks attaching on or after 1st May, 1940, shall be deemed to have been cancelled from inception.

8. 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 take credit for all earned premium and give credit for all unearned premium on a pro rata temporis basis.

9. Contracts of Excess of Loss Reinsurance on an "Excess of Loss Ratio" basis and contracts of Hail Reinsurance 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.

10. Contracts of Facultative Reinsurance between parties who subsequently became enemies shall, except as hereafter 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.

11. Subject to provisos (*a*) and (*b*) set out in Clause 10 and to the further proviso in the last paragraph of Clause 7, 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.

12. Contracts of Facultative Reinsurance other than those complying with the provisos (*a*) and (*b*) in paragraph 10 and the provisions of paragraph 11 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.

13. Contracts of Facultative Reinsurance shall not be deemed to have been determined as provided under 10, 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 2, 3 and 4.

14. 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 6 (*a*) above.

15. 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 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 9 and 12.

Supplementary Accounts between the two parties will be necessary in respect of outstanding losses in connection with contracts of Facultative Marine Reinsurance.

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

17. 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.

18. 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.

19. Except as provided in 16 and 18, nothing in this Agreement shall nullify anything done in Italy 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 2, 3 and 10 apply.

Insurance and Reinsurance (Life Clauses)

20. 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.

21. 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.

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

PART II

Contracts of Insurance and Contracts and Treaties of Reinsurance which had terminated before the parties became enemies

Insurance and Reinsurance (Other than Life)

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.

EXPLANATORY NOTE

(This Note is not part of the Order, but is intended to indicate its general purport.)

The Order gives effect to an Agreement made on the 1st June, 1954, between Her Majesty's Government and the Government of Italy, pursuant to the Treaty of Peace with Italy, relating to contracts of insurance and contracts and treaties of reinsurance made before 11th June, 1940, between parties who became enemies as a result of the war with Italy which began with that date. The Schedule to the Order contains provisions to maintain in force or determine these contracts and treaties and to deal with the consequences thereof.