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INSURANCE
NOV. 1942 – JUNE 1943

27pp

No.	REF.	DATE	FROM OR TO
1	284/169	15 FEB.	FROM GHQ, MEF
2	CA/48	31 MAY.	TO: MIDEAST
3	7830/CA	12 June	From: P.A.Os.
4	—	—	Social Insurance + Social Welfare
5	—	19 June	From Major Knight
6	141F/7830/CA	12 "	To C.C.A.O
6	/	/	Memorandum.

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ITALY INSURANCE ADDITI[illegible] TO ITALIAN DOSSIER.

6

Insurance under Fascism has preserved some of the [illegible]espected institutions of the past, but in recent years has come more and more under State control and into the sphere of operations of para-statal institutions. It has developed and is regulated on two distinct lines -

1. Private insurance (and reinsurance) with state-guaranteed institutions and ordinary companies and firms, and

2. Social insurance, largely obligatory, with State institutions or syndicates under indirect State control.

In 1937 the business of the various social insurance undertakings, which were gradually being assembled and now constitute a complete "Beveridge Scheme" in operation, drew level with private enterprise, the premiums collected in that year in the various fields of insurance being as follows:-

(in millions of lire)

Private		Social	
Life	965	Disability and Old Age	544
Fire	269	Accident	422
Marine (part)	189	Tuberculosis	213
Accident	144	Health	235
Hail	144	Unemployment	168
Civil Liabilities	124	Mariners	29
Theft	22	Maternity	13
Motor	20	Professional (endowment, education & pensions) Schemes)	356
Flying	10		
Live Stock	5		
Others	15		
	1,907		1,980
From abroad	517		
Foreign Companies resident in Italy	88		
	2,512		

There has been a great extension of social insurance since this date, 1937, the number of persons involved increasing from five million to about eight million. The total amount of unemployment premiums, for instance, has doubled. Voluntary insurance also expanded up to last year, but in recent months appears to have been faced with unusual difficulties, revealed by repeated urgent appeals, appearing as advertisements in the Italian newspapers, calling upon holders to refrain at all costs from surrendering their policies.

Private Insurance

All insurance companies and agents require a licence of the Ministry of Corporations and the Minister has certain powers of supervision, besides representing government interests where these are involved, for instance, in guarantees. But centralisation was not introduced by the Fascists: the monopoly [illegible]

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Private Insurance

All insurance companies and agents require a licence of the Ministry of Corporations and the Minister has certain powers of supervision, besides representing government interests where these are involved, for instance, in guarantees. But centralisation was not introduced by the Fascists: the monopoly of life insurance granted to the National Insurance Institute dates from more than thirty years ago, and this monopoly was modified in 1923, when private enterprise was permitted to assume like risks on condition that a certain quota of business was passed on to the Institute. In 1936 the Institute held 70% of the domestic life business and received 60% of the life premiums paid in that year.

Since 1932 the Institute has assumed also export credit and other risks classified as being of national interest. Among the latter, for example, was the assumption of the balance of risk remaining uncovered by private enterprise on the building and equipment of the "Rex", the "Conte di Savoia" and other ship-building contracts.

All policies issued by the National Institute are guarantee by the State, which received as its share of profits, from 1934 to 1941, 223 million lire. In

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In 1938 the capital liability of the Institute amounted to 17,374 million lire under the contracts of two and a half million policies. The total reserves of the Institute were little more than 5,000 million lire at the end of 1938; in that year premiums received amounted to 819 million lire, while liquidations were 341 million. The life business of the three other largest Insurance Companies (Venezia-Trieste, Adriatica and Fondiaria) is together only about one tenth of that of the Institute.

A Consortium of companies provides life insurance for persons medically rejected in the ordinary course of business, distributing the risk among themselves.

Reinsurance of life risks was almost entirely effected in Italy (by the Institute) but one half of the reinsurance of other risks, before the war, went abroad.

There had been for several years before the war a marked decrease in most branches of business, including fire policies, which constituted about one third of business other than life. Over the five-year period up to 1937 fire premiums averaged 263 million lire and fire losses 131 million; in the same period accident premiums averaged 123 and payments 77 million.

Marine insurance is mainly provided by special companies which form controlling committees in various ports. The Committee of the Marine Insurance Companies of Genoa was founded in 1860, that of Trieste in 1833. In 1932 a national Committee to supervise valuations, premium rates, distribution of risks and settlement of claims was established with headquarters at the National Insurance Institute in Rome. A separate Consortium deals similarly with hull risks. In 1935 permission was extended to all insurance companies to underwrite any balance of marine insurance which was not absorbed by the transport companies.

Foreign Business

The foreign business of Italian companies (517 million lire) in 1937, was considerably greater than the business of foreign companies in Italy (88 million lire) but the latter does not include premiums remitted directly by the insured to foreign companies. The balance was no doubt in favour of Italy, as a Decree, published in May, 1941, authorised persons of Italian nationality and residents of Italy to continue to make payments for the purpose of maintaining contracts with enemy insurance companies, provided reciprocal action was allowed by the countries of the companies concerned.

Statistics of business done by British companies in Italy are not published, but we know from confidential information that the main part of it was marine underwriting and that this was not always remunerative. In 1933 the premium payments received were £1,155,000 and claims and expenses amounted to £1,260,000; in the years between 1924 and 1933 the excess of claims over premiums averaged £80,000 - £100,000 per year. Later more satisfactory business was done (mainly from "Italia"- with annual premiums about £750,000.

Social Insurance

Social insurance in Italy has origins as far removed from Fascism in time as in purpose. Mutual aid and co-operative insurance societies existed as liberal institutions in great numbers even before the unity of Italy was achieved; later they were sponsored and encouraged by Garibaldi, after whom many of them were named. Like the early co-operative credit societies of which a considerable number grew into People's Banks and Rural Banks now included in the banking system, some hundreds of these local societies have been incorporated in the national social insurance scheme. Every Italian [illegible] branches of business, including fire policies, which constituted about one third of business other than life. Over the five-year period up to 1937 fire premiums averaged 263 million lire and fire losses 131 million; in the same period accident premiums averaged 123 and payments 77 million.

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The four branches of compulsory insurance (Disability and Old Age, Unemployment, Maternity and Tuberculosis) were brought under a single institution in 1936, the National Institute of Social Insurance. Workers' accident insurance is administered by a separate body established for that purpose. After going through various phases of development it was made an obligation resting entirely on the employer, with full liability irrespective of payment or non-payment of the appropriate premium.

While these two bodies, through the syndicates, deal with that social insurance which is by statute obligatory, the syndicates have institutes of their own to administer various funds, including health insurances, which also thereby becomes in effect part of the compulsory scheme. The separate headings of these syndical institutes are: vocational, diseases, industrial workers' health, agricultural

workers'/

workers' health, seamen's risks and health, commercial employees' health, and many special funds for various endowment purposes.

The Fascist Party is represented on the governing bodies of all these institutions, but a removal of its representatives would pass unnoticed, so unimportant has their function been.

Incorporation

Under the Minister of Corporations, all elements of insurance enterprise are incorporated as a section of the Credit and Insurance Corporation. The main bodies of the section are an Advisory Committee on Social Insurance and five national federations of:-

(1) companies,

(2) managers,

(3) agents,

(4) officials,

(5) employees.

The corporative functions of these bodies are much more restricted than in the case of the commodity corporations.

Bank of England,
Overseas and Foreign Office,
27th May, 1943.

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Bank of England,
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27th May, 1943.

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BIGOT

MOST SECRET

19 June 1943

PROPOSALS FOR PRIVATE INSURANCE COMPANIES

1. Proclamation No. 5 closes and brings under a moratorium all financial institutions, which presumably applies to private insurance companies.

2. The moratorium closes all banking and credit institutions of whatsoever nature in the occupied territory, and it follows that private insurance companies and their branches could hardly function during the period of the moratorium without access to their deposits in banks and/or a free market for their security holdings, or without other financial assistance.

3. Hence it can be clearly established that some arrangement must be made for such insurance companies to have access to their deposits and/or credit advances through AMFA or some other designated bank as a condition precedent to the functioning of the private insurance companies and branches on whatsoever basis -- normal or restricted.

4. It would seem highly desirable that private insurance companies and/or branches be placed in a position to function as normally as possible, and the fewer the restrictions the better. This applies to all principle types of private insurance, such as life, fire, personal accident, agricultural risk, theft, burglary, and fidelity guaranties. Available information indicates that insurance against hail from an agricultural standpoint is quite prevalent and occupies an important position in the insurance field.

5. In connection with "war risk damage" it is taken for granted or understood that such losses are excluded from the coverage written by companies incidental to fire and other forms of destruction.

6. In the life insurance field, foreign companies have branches in the country, probably writing a small amount of business. These companies are principally British and French. This business does not represent a significant volume, and it may be that these foreign branches have ceased to exist, although the liabilities may continue with some type of liquidation in effect.

7. The National Insurance Institute (Istituto Nationale delle Assicurazioni) writes substantial insurance as a public institution, mainly along industrial lines. This is a state institution and operates with government funds in direct competition with private companies.

8. The Bureau of Insurance under the Ministry of Corporations supervises the insurance activities of all companies and branches, foreign and domestic, within the country. It is understood that foreign companies operating branches in the country are obliged to put up securities of an approved nature. All investments of whatever companies in the country are stipulated by this supervising agency.

9. In order that the protection and the benefits incidental to the insurance written by these companies may continue to accrue to the policy holders, the following is proposed:

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9. In order that the protection and the benefits incidental to the insurance written by these companies may continue to accrue to the policy holders, the following is proposed:

(a) That the operations of such institutions shall be under the supervision of an AMGOT insurance control officer under the C.F.I., who will make such requirements and recommendations as in his discretion are deemed desirable under the circumstances incidental to the continued functioning of these companies.

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Proposals for Private Insurance Companies (Continued)

(b) Branches of domestic companies in occupied areas shall be surveyed by an insurance officer and their situation determined with respect to continued operations within the area, based on assets available of the company within that area. Insofar as may be possible these branches, if not already autonomous in their operations, will be made autonomous for the protection of the policy holders, the continued collection of premiums and payment of claims arising therefrom.

(c) As soon as any head office or home office comes under the control of the occupying forces, the previously existing branches within the occupied area shall be integrated with the home office activities for normal or restricted functioning. Also, any foreign assets of such companies then blocked will come into consideration for the reactivation of the company's business, and this may be provided for at once with the "Trading with the Enemy Department" in the various Allied countries concerned.

(d) The foregoing general plan of operation and supervision shall apply not only to life insurance companies but to all other types of private insurance companies operating in the insurance field generally.

10. In order to accomplish the foregoing, the following is proposed:

(a) AMFA or some other designated bank will provide funds to any branch or branches which are set up to operate autonomously as above outlined, and such advances will be secured with available and approved assets. Also, such loans may be made to the head office in any occupied area when same is under control.

(b) Premium collections will continue, claims will be paid, either normally or restricted, and pledged assets will be serviced through the local branches until such time as the head office is under control. The branch or branches shall be accountable to the loaning institution for such income collected.

(c) The insurance officer will be responsible for designating which branch or branches shall function, and he may consolidate the activities of one or more branches into an autonomous unit for the purposes above outlined; likewise he will determine what restrictions if any shall be applied to the payment of claims based upon the analysis of the picture as a whole.

(d) Policy holders will be precluded from borrowing against the cash value of their policies unless upon approval of the insurance officer and the C.F.I.

(e) When and if the home office comes under control, the insurance officer will make a complete survey or investigation of the condition of the company utilizing the facilities of insurance auditors and/or examiners available, who, in his discretion, can be used for that purpose. Solvency will be determined with a view to future operations.

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(e) When and if the home office comes under control, the insurance officer will make a complete survey or investigation of the condition of the company utilizing the facilities of insurance auditors and/or examiners available, who, in his discretion, can be used for that purpose. Solvency will be determined with a view to future operations.

(f) No insurance company branch, home office or any other unit of whatsoever nature will operate in any way however without the prior authorization of the C.F.O. through the C.F.I.

11. The condition of branches of foreign companies which may have ceased to operate and possibly are in liquidation will be determined at the earliest possible date, and their renewed operation will be considered and encouraged to the extent consistent with local needs and with the approval of the C.F.O. through the C.F.I.

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12. The state-owned insurance company above mentioned and operating largely in the industrial ~~life~~ insurance field will be handled along the same lines as herein set forth. New management personnel will be introduced where necessary into the picture. The operations or activities of this company shall be supervised along the same lines as has previously been established for social insurance companies.

13. The "net" of the above is that AMGOT through AMFA or some other designated bank shall assist private insurance activities through the branches and/or home offices of the companies in occupied areas, in order that there will not be too great a "break" during the earlier phases of the occupation. This plan follows substantially the plan for reopening the banks, and in this connection, some arrangement may need to be considered whereby insurance company deposits in reopened banks may be released for the general welfare of the public and the interest of civil administration.

14. The Property Custodian will enter into this picture from the standpoint of insurance company assets whose head offices will not for the time being be under our control. Such assets will be made available to the C.F.O. for the above purposes.

Major J. R. Knight

Captain L. F. Frampton

A M G O T
141 Force
In The Field.
JRK/JM

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(h) All non recurrent expenditure and disbursements of an extraordinary nature, such as payments to refugees, must be submitted for approval of the SFO through the F.O. Where the situation demands immediate action without prior sanction the circumstances should be reported immediately to the S.F.O. and covering authority sought.

(i) If there is not sufficient physical cash available to the provincial or national government authority and to the finance officers of the Allied Forces, recurrent expenditure which can be postponed for a period of four weeks without hardship, should be postponed. (including what can be borrowed from banks or other sources)

(j) All existing provincial fees, taxes and other imposts and non-tax revenues will, as far as possible, continue to be collected and paid and allocated to the normal revenue items in the provincial budget. The Italian Revenue Officer will be instructed to pay over to the Banca D'Italia Autonomous Treasury Department all provincial revenue receipts exclusive of amounts on deposit in banks prior to the effective date of the ~~bank moratorium~~ closing of the banks. The difference between such revenue and expenditure authorised according to paragraph (3) above & not covered by borrowing from banks or other sources, will be paid into the Treasury Dept. of the Bank of Italy by the F.O. and will be shown as an advance from the Allied Military Govt. to the province and the money will be disbursed through existing Italian financial machinery. An appropriate receipt will be obtained for such money. If not already done the cash of the autonomous Treasury Department of the Bank of Italy will be physically segregated from the Bank's other business.

Non-recurrent provincial expenditure and expenditures of an extraordinary nature will be authorised as provided in paragraph (6) below.

(4) As regards that part of the national budget relevant to the area at any time occupied it is not at present known who is responsible for authorising payments. If such national expenditure is in fact estimated on a provincial basis and the machinery does exist for sanctioning payments the same procedure will be followed as in the case of provincial budgets. If on the other hand disbursements are sanctioned from Rome for each central government department it will be necessary to set up a new expenditure authorisation section which will act on information obtained from:

(a) The detailed estimates agreed by the Ministry of Finance, Rome, for each central government department. In the event of such estimates not being available each local head of department will be asked to furnish a list of individuals, with salaries, who are paid from Rome and any other charges similarly met.

(b) The records of the Autonomous Treasury Department of the Banca D'Italia.

Central government revenue will be collected and paid as in the case of the provincial taxes etc. and paid into the Banca D'Italia Autonomous Treasury Department and any deficit met as in the case of the provincial budgets.

(5) No expenditure will be authorised for the purpose of paying principal or interest on any obligation of the National Government comparable to the public debt. You should not authorise payment of other national government obligations which you believe are inappropriate in view of existing circumstances such as obligations to manufacturers of armaments. No payments are to be made on account of Vaglia Bancarii and Assegni Circolari. Any Vaglia Bancarii or Assegni Circolari held for account of the National treasury shall be impounded and a receipt given by the F.O.

(6) Non-recurrent expenditure whether a charge to the communes, provinces, or central government will only be incurred on the prior authority of the S.F.O. Such expenditure will only be sanctioned if urgently required for the maintenance of public health, relief of destitution or the maintenance

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(6) Non-recurrent expenditure whether a charge to the communes, provinces, or central government will only be incurred on the prior authority of the S.F.O. Such expenditure will only be sanctioned if urgently required for the maintenance of public health, relief of destitution or the maintenance of refugees.

(7) Cash required by the F.O. to provide funds for the purposes and under the conditions set forth in the foregoing will be drawn from the Command Paymaster or the U.S. Army Disbursing Officers. In the event of such officers in the area being short of physical cash the available cash resources of any banks in the area may in the discretion of the Finance Officer be utilised by them for the required purposes. For any amounts taken from any bank an appropriate receipt should be given and released later in cash. 4133

(8) Accounts must be kept of all cash received from the Command Paymaster or U.S. Army Disbursing Officers as described in Paragraph 7 and the disbursement thereof. Every precaution must be taken to ensure the safety of cash and valuables in the custody of the S.F.O. Officers will be held personally responsible for any loss of cash which is directly due to negligence or failure to make adequate arrangements for its custody.

15 June '43

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Declassified E.O. 12356 Section 3.3/NND No. 785015

AMGOT

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No 1.4

SPECIAL ADMINISTRATIVE INSTRUCTIONS — FINANCE No 1.

~~[illegible]~~

Social Insurance and Social Welfare

1. In accordance with the terms of ~~Proclamation No. 7~~ Order No 1, Finance Officers will take steps for the continued activity of the Public Social Insurance and Welfare Institutions in the area.

2. They will coordinate with Civil Affairs Officers that all employees of such Institutions who are officers in Fascist political institutions or active in Fascist party affairs are immediately removed.

3. They will

(a) Summon all managers of Social Insurance and Welfare Institutions in their area to a meeting in the largest town in the area.

(b) They will ascertain from the managers

(1) That they are aware of the contents of ~~Proclamation No. 7~~ Order No 1.
(2) The amount and nature of contributions or payments received and disbursements made and during the last calendar month for which records are available.
(3) The amount of cash in hand, and the accounts held with local banks. The managers will be asked to produce at a later date a balance sheet, showing also the location of their assets.
(4) The normal administrative procedure of receiving contributions and payments and making disbursements.

(c) They will be prepared if necessary to advance sufficient funds from Allied Military Government sources to enable the normal disbursements to be made. Undue stress should not be laid on this aspect, and managers should be instructed to collect contributions as previously.

4. Through the medium of Civil Affairs officers, Finance officers will ensure that orders are given for the elimination of the word, 'FASCISTA' from the titles of all such institutions including this word, both on buildings and all forms of stationery and correspondence.

5. Until further notice the institution known as the OPERA NAZIONALE DOPOLAVORO will cease to function. It should be explained that there is no intention to prevent ~~proper~~ free association of individuals for purposes of sport, recreation etc., but that no such institution as the Dopolavoro, with its notoriously Fascist proclivities, will be tolerated.

6. ~~[illegible]~~ Amgot will issue instructions in the future covering the long range program relative to such institutions, which ~~[illegible]~~ may involve ascertaining the solvency and [illegible]

Declassified E.O. 12356 Section 3.3/NND No. 785015

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4. Through the medium of Civil Affairs officers, Finance officers will ensure that orders are given for the elimination of the word, 'FASCISTA' from the titles of all such institutions including this word, both on buildings and all forms of stationery and correspondence.

5. Until further notice the institution known as the OPERA NAZIONALE DOPOLAVORO will cease to function. It should be explained that there is no intention to prevent proper free association of individuals for purposes of sport, recreation etc., but that no such institution as the Dopolavoro, with its notoriously Fascist proclivities, will be tolerated.

6. ~~You will~~ Amgot will issue instructions in the future covering the long range program relative to such institutions, which may involve ascertaining the solvency of such institutions and the financial aspects of the existing program, the financial and accounting administration of such programs, auditing of receipts and disbursements, and supervising [...] Public Health Division the study of the soundness of the social welfare & social insurance program & the making of recommendations for the continuance, or modification or coordination with other public assistance programs which may be established.

15 June '43

P/P 23/6

4137

780

AMGOT

GENERAL ADMINISTRATIVE INSTRUCTION NO. 3

100 copies

FINANCIAL INSTRUCTIONS TO C.A.O.s (~~FIRST PHASE~~)

similar

(1) An immediate problem which you will face is the question of expenditures and receipts o f the communes. Receipts of the communes may be in lire, yellow seal dollars, British military authority notes and American and British coins. Communes will, to the extent available, make out payments in lire. Where necessary for the Allied Forces to make advances to the Communes, Civil Affairs Officers with Force 545 will make advances in lire or BMA sterling and Civil Affairs Officers with Force 343 will make advances in yellow seal dollars. In this initial phase of the operation it is possible that supplies of currency in certain areas will be very restricted and it is therefore essential that cash disbursements during this period should be limited with this point in view.

(2) The principles which will govern Payments from the budgets of the communes are:

(a) Insofar as it is possible the existing Italian local government machinery for effecting and controlling expenditures and receipts will be maintained. This does not preclude elimination of undesirable individuals in the organisations in accordance with other instructions which you will receive

(b) Subject to the temporary proviso in subparagraph (f) below normal recurrent expenditure such as the payment of wages, salaries, lighting, etc., would continue to be authorised and paid by the Italian officials charged with this responsibility to the extent of 1/12th per month of the sum provided in the annual estimates or budget. This fraction should be reduced if it is found that part of the salaries have been already paid in advance or if communal officials have left their offices.

but not service of funded or unfunded debt,

(c) Payment vouchers outstanding at the time of the occupation will only be met if they are in respect of recurrent expenditure as defined above. No payments are to be made on account of Vaglie Bancarii and Assegni Circolari. Any Vaglie Bancarii or Assegni Circolari held by a communal treasury shall be impounded and a receipt given by the C.A.O.

(d) Any provision made in the budget for disbursements of a political nature to fascist officials or institutions will be eliminated.

(e) Any expenditure in excess of 1/12th (or such lesser fraction as may be decided by you) per month of the recurrent items in the annual estimate must be submitted to the Civil Affairs Officer who can either approve the disbursement if he thinks it appropriate or, if he prefers, submit it to the Senior AMGOT Finance Officer in the area.

(f) If there is not sufficient physical cash available to the communes (including what can be borrowed from banks or other sources) and the finance officers of the Allied Forces, recurrent expenditure which can be postponed for a period of four weeks without hardship, should be postponed.

(g) Any expenditure which may need to be incurred by a C.A.O. must as far as possible be debited to the commune and allocated by it to the appropriate commune budgetary items and payment effected through the already existing channels. Any expenditure which cannot be allocated to an existing budgetary item must be referred to the S.F.O. [illegible]

(2) The principles which will govern Payments from the budgets of the communes are:

(a) Insofar as it is possible the existing Italian local government machinery for effecting and controlling expenditures and receipts will be maintained. This does not preclude elimination of undesirable individuals in the organisations in accordance with other instructions which you will receive.

(b) Subject to the temporary proviso in subparagraph (f) below normal recurrent expenditure such as the payment of wages, salaries, lighting, etc., would continue to be authorised and paid by the Italian officials charged with this responsibility to the extent of 1/12th per month of the sum provided in the annual estimate or budget. This fraction should be reduced if it is found that part of the salaries have been already paid in advance or if communal officials have left their offices.

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(f) If there is not sufficient physical cash available to the communes (including what can be borrowed from banks or other local sources) and the finance officers of the Allied Forces, recurrent expenditure which can be postponed for a period of four weeks without hardship, should be postponed.

(g) Any expenditure which may need to be incurred by a C.A.O. must as far as possible be debited to the commune and allocated by it to the appropriate commune budgetary items and payment effected through the already existing channels. Any expenditure which cannot be allocated to an existing budgetary item must be referred to the S.F.O., through the Finance Officer within area.

(h) All non-recurrent expenditure and disbursements of an extraordinary nature, such as payments to refugees, must be submitted for approval to the S.F.O. through the F.O. Where the situation demands immediate action without prior sanction the circumstances should be reported immediately to the S.F.O. and covering authority sought.

(3) All existing communal fees, taxes other imposts and non-tax revenues will, continue to be collected and paid and allocated to the normal revenue items in the budget, but the disruption in the early stages will result in a fall in income. If the physical cash available to the commune is insufficient to meet the expenditure as estimated in paragraph (2) above, and if the communes are unable to borrow the necessary funds from banks when open or from other available sources, C.A.Os. will requisition from the Senior Finance Officer the amount required to make good the excess of such expenditure over revenue, mainly for payment of (bearing in mind that such advance should be ...

Declassified E.O. 12356 Section 3.3/NND No. 785015

current wages and salaries. Although it may not be possible to furnish the cash for the whole period requisitions should cover the amount it is estimated will be needed in a complete month. The requisition must be accompanied by:

(a) A statement showing the main items of expenditure for which the money is required.

(b) A copy of the estimated revenue and expenditure of the commune for the current financial year.

Civil Affairs Officers will be responsible for obtaining the cash from the offices of the F.F.O. The amount involved will be shown in the accounts of the commune as an advance from the Allied Military Government and the money will be disbursed throught the existing Italian financial machinery as provided in paragraph 1 above. A receipt must be obtained when the money is handed over to the responsible Italian Official. ~~(Such communes should if possible have resort to local borrowing from banks when open or any other source before C.A.O.S. advance money)~~

(4) Every precaution must be taken to ensure the safe custody of cash and valuables. Civil Affairs Officers will be held personally responsible for any loss of cash which is directly due to negligence or failure to make adequate arrangements for its custody. Where not available, endeavours should be made to obtain as early as possible an adequate safe or steel cash chest which can be secured to the wall or floor. Night guards should be used whenever they can be made available to guard large stocks of currency.

Deleted
15 June '43

of the A.F.O. The amount involved will be shown in the accounts of the commune as an advance from the Allied Military Government and the money will be disbursed throught the existing Italian financial machinery as provided in paragraph 1 above. A receipt must be obtained when the money is handed over to the responsible Italian Official. ~~(Such communes should if possible have resort to local borrowing from banks when open or any other source before A.M.G. advance money).~~

(4) Every precaution must be taken to ensure the safe custody of cash and valuables. Civil Affairs Officers will be held personally responsible for any loss of cash which is directly due to negligence or failure to make adequate arrangements for its custody. Where not available, endeavours should be made to obtain as early as possible an adequate safe or steel cash chest which can be secured to the wall or floor. Night guards should be used whenever they can be made available to guard large stocks of currency.

Dated
15 June '43

Chief Financial Offr

4135

AMGOT

SPECIAL ADMINISTRATIVE INSTRUCTION - FINANCE No 2

~~[illegible] TO FINANCE OFFICERS ([illegible]) No. 4~~

BUDGETS

(1) Finance Officers will be concerned to a varying degree with the budgets of the communes, provinces, and that part of the national budget relevant to the area under occupation.

(2) A copy of the instructions to C.A.O.s. concerning the budgets of the communes is attached. From this it will be noted that a Finance Officer is only concerned with these budgets:

(a) When there is a deficit between revenue and recurrent expenditure;

(b) Where the C.A.O. refers recurrent expenditure in excess of 1/12 per month for the S.F.O.'s covering authority; and

(c) Where the C.A.O. recommends expenditure on non-recurrent items or items of an extraordinary nature.

(d) To exercise general supervision to guard against extravagance and peculation or the use of the resources for Fascist or ~~[illegible]~~ anti-allied purposes.

As regards (a) on the basis of the statements furnished by the C.A.O. the F.O. will, within the limits of the cash at his disposal and the probable demands thereon, provide the money necessary to cover the deficit or such part of it as he deems desirable. Disbursements of a recurrent nature in excess of the fraction mentioned in 2 (b) and the provision of money therefor will be at the discretion of the S.F.O. Disbursement of the nature indicated in paragraph 2 (c) will be governed by the general instructions on such expenditure contained in paragraph (6) below.

(3) The general principles which will govern payments from the budgets of the Province are:

(a) As far as possible the existing Italian machinery for effecting and controlling expenditure and receipts will be maintained. This does not ~~preclude~~ preclude the elimination of undesirable individuals in the organization, which will be the responsibility of the C.A.O.s & the SCAO of the area.

(b) Subject to the temporary proviso in subparagraph (h) below, normal recurrent expenditure such as the payment of wages, salaries, lighting etc. would continue to be authorised by the Italian officials charged with this responsibility to the extent of 1/12th per month of the sum provided in the annual estimate in budgets, but not permitting of any [illegible] of unfunded debt, except that if only a part of the province is occupied or if part of the salaries have already been paid in advance or some of the provincial officials have left their offices a lesser fraction may be fixed at the S.F.O.s discretion.

(c) Instructions will be issued to the Treasury Department of the Banca D'Italia to effect payment of vouchers outstanding at the time of the occupation only if such vouchers are in respect of recurrent expenditure. No payments are to be made on account of Vaglia Bancari and Assegni Circolari. Any Vaglia Bancari or Assegni Circolari held on account of a provincial treasury are to be impounded and a receipt given by the F.O.

(d) Any provision made in the budget for disbursements of a political

(a) [illegible]

(b) Where the C.A.O. refers recurrent expenditure in excess of 1/12 per month for the S.P.O.'s covering authority; and

(c) Where the C.A.O. recommends expenditure on non-recurrent items or items of an extraordinary nature.

(d) To exercise general supervision to guard against extravagance and peculation or the use of the revenues for Fascist or ~~[illegible]~~ anti-allied purposes.

As regards (a) on the basis of the statements furnished by the C.A.O. the P.O. will, within the limits of the cash at his disposal and the probable receipts thereon, provide the money necessary to cover the deficit or such part of it as he deems desirable. Disbursements of a recurrent nature in excess of the fraction mentioned in 2 (b) and the provision of money therefor will be at the discretion of the S.P.O. Disbursement of the nature indicated in paragraph 2 (c) will be governed by the general instructions on such expenditure contained in paragraph (6) below.

(3) The general principles which will govern payments from the budgets of the Province are:

(a) As far as possible the existing Italian machinery for effecting and controlling expenditure and receipts will be maintained. This does not ~~prec~~ preclude the elimination of ~~undesirable~~ individuals in the organization, which will be the responsibility of the CAO & the SCAO of the area.

(b) Subject to the temporary proviso in subparagraph (h) below, normal recurrent expenditure such as the payment of wages, salaries, lighting etc., would continue to be authorized by the Italian officials charged with this responsibility to the extent of 1/12th per month of the sum provided in the annual estimate on budget; except that if only a part of the province is occupied or if part of the salaries have already been paid in advance or some of the provincial officials have left their offices a lesser fraction may be fixed at the S.P.O.s discretion.

but not service of any funded or unfunded debt,

(c) Instructions will be issued to the Treasury Department of the Banca D'Italia to effect payment of vouchers outstanding at the time of the occupation only if such vouchers are in respect of recurrent expenditure. No payments are to be made on account of Vaglie Bancarii and Assegni Circolari. Any Vaglie Bancarii or Assegni Circolari held on account of a provincial treasury are to be impounded and a receipt given by the P.O.

(d) Any provision made in the budget for disbursements of a political nature to fascist officials or institutions will be eliminated.

(e) Any expenditure in excess of 1/12th per month (or such lesser fraction as may be fixed) of the recurrent items in the annual estimate must be countersigned by the S.P.O.

(f) Instructions embodying the practical application of subparagraphs (b) and (c) above will be issued immediately by S.P.O.s to the Treasury Department of the Banca D'Italia. 4,13 autonomous

(g) Any expenditure which may need to be incurred by the Allied Military Government must as far as possible be debited to the existing Provincial or, where relevant National, Budget items and subheads and payments effected through already existing channels. If necessary, new subheads may be created.

Declassified E.O. 12356 Section 3.3/NND No. 785015

3

BIGOT

MOST SECRET

141F/7830/CA

12 June 1943

SUBJECT: Division of Responsibility for Social Insurance in HORRIFIED

To: C.C.A.O.
Financial Division
Public Health Division
P.A.Os

accredited unofficial [illegible] Order
Sec/Army by TAG/ ________ date ________
411410

Reference Item 5 of the Agenda of the first meeting of the Executive Council.

The attached agreed minute is circulated and will be used as the basis for planning.

File

Yes. I like this much better

AMGOT
141 Force
Field

A.T. MAXWELL,
Lt.Col.,

C.M. SPOFFORD,
Lt.Col., G.S.C.,

Principal Administrative Officers
AMGOT

17/6 To PAOs

18/6

4132

BIGOT

MOST SECRET

141F/7830/CA

12 June 1943

Division of Responsibility between Financial and Public Health Divisions for Social Insurance in HORRIFIED

1. The Financial Division shall carry complete responsibility until otherwise decided for:

(a) Determining the solvency of existing social insurance organisations

(b) Reporting to the C.C.A.O. on the financial condition of the existing programs.

(c) Determining whether the rates of contributions - if a decision is made to continue one or more of the programs - will cover the benefits as set forth by the governing law or decree or as modified by the Military Government.

(d) Examining administrative procedure as it relates to the financial, accounting, and mechanical administration of the programs and recommending to the C.C.A.O. such changes as are desirable.

(e) Auditing or supervising the auditing of all payments (should any of the programs be continued).

(f) Conferring with the Public Health Section on questions of mutual concern in connection with the operation or proposed operation of any of these programs.

2. The Public Health Division shall study the various systems of social insurance then or previously existing as to organisation, administration, and policies followed in the operation of these programs, other than financial, with a view to:

(a) Preparing recommendations to the C.C.A.O. as to the social soundness of these programs as judged by the above factors and as to the desirability of their continued operation from the social welfare point of view.

(b) Advising the Fiscal Sections, when called upon to do so, as to the likely social consequencies of any financial policies or procedures which may be proposed.

(c) Assisting in the coordination of any social insurance programs allowed to continue with the public assistance programs. This will be particularly necessary in such cases as: (1) the payment of family allowances; (2) unemployment insurance when supplementary grants may be required or the benefit first expire before employment is secured; (3) maternity insurance and the supplementary program carried on by the National Institute for national and child welfare (Ofra Nazionale per la Protezione della Maternita e dell infanzia); (4) health insurance which is not national or compulsory in scope and therefore covers only a fraction of the population, some part of those uncovered requiring free medical care, and: (5) insurance payments made on behalf of minors for whom some guardianship will be required.

[illegible] the program which may later be turned over for

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(d) Assisting in preparing the program which may later be turned over for supervision of the Allied Welfare organisation as a part of a well coordinated public welfare program should the Allied Chiefs of Staff subsequently permit such civilian agency to operate in HORRIFIED.

3. It is understood that a review of the responsibilities here set forth will be made after a decision has been made as to which if any of the social insurance programs should continue.

2

AMGOT, 141 FORCE

T. Rapp Smith

Lt. Col. GRAFFTEY SMITH

MOST SECRET

MIDEAST FOR CIVIL AFFAIRS

FORTUNE ALGIERS

GA/118 MAY 311730A PRIORITY

For CPA (.) Grateful you bring copy MASTERSON'S report on social insurance institutions. 4130

P/A 3/6

Major Knight

You may like to see this: probably both Hayes and MacF. can fill in some blanks. Pl. open a new file.

ags
28/5

Major Knight.

Will you see to it that Major OSMAN sees this file, pl.?

AP
10/7

Seen E. [illegible]
17/7/[illegible]

(15A)

MOST SECRET

14/78300A

9 May 1943

Memorandum to: G.S.O. 1

Subject. Organisation of AMGOT

Hereunder are certain modifications which need to be incorporated in the next edition of the T.O.W. E. AMGOT. We suggest that a redraft should be available by the 15th and after re-examination should be submitted to the next following War Establishment Committee at AFHQ for promulgation and similar treatment by U.S.A. side.

1. Educational Advisor. See education file and draft telegram for basis of proposed alteration.

2. Civil Supply Division. Labor Officers. Experts are being added in accordance with the recent AGWAR telegram and need incorporation.

3. Advisors on Fine Arts and Monuments - Two Lt. Colonels.

4. Following our talk with Force 343, Industrial Experts are to be provided in accordance with the requirements of the task forces for rehabilitation of industrial plants. Further information will be given in time for incorporation. (See also ~~6(a)~~. 7(d)

5. Public Health Division. Director of Welfare. One Major should be added to this directorate to allow of increased liaison with Public Health and Supply Services.

6. An additional Administrator should be added with the rank of Col.

7. Change of ranks as follows:

(a) Chief Judicial Officer - G-2 - Col. to be Lt. Col. Counsel - Two of Captains to become Majors, one American, one British.

(b) Revenue Officer - C-9 - Major to be Lt. Colonel.

(c) Civilian Requirements Officer - D-2 - Major to be Lt. Colonel. Requirements Officer - One Captain to be Major.

(d) Industries and Resources Officer - Major to be Lt. Colonel.

(e) Deputy Custodian of Enemy Property - C-2 - Major to be Lt. Colonel (If necessary to fill appointment).

... promulgation and similar

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A. T. MAXWELL
Lt. Colonel
AMGOT

4129

HQ Force 141
BNAF

ATM/rl

COPY.

PER FAST AIR.

F.5.

Cairo Despatch No. 57.

No. 28 169.

POLITICAL BRANCH,
G.H.Q., M.E.F.

15th February, 1943.

To : The Permanent Under Secretary of State, War Office, (F.5),

From: Controller of Finance & Accounts, Occupied Territory Administration.

Sir,

I have the honour to refer to my telegram OAT/77607 of 28th November 1942, on the subject of the Social Insurance Institutions in Eritrea, in which I undertook to forward further details by despatch.

2. I now send you copies of the following:

(a) Report on Italian Parastatal Insurance Institutions in Eritrea by Mr. Danielovici, Chief Actuary of the Misr Insurance Company.

(b) Supplementary note on the liquid cash position of the Institutions by Captain (now Major) Howard.

(c) Note on method of collection of I.N.F.P.S. contributions.

(d) Proposals for future operation of the Institutions (by Captain Howard).

(e) Eritrea Proclamation No. 6 of 22nd January 1943, bringing the new arrangements into force.

3. Your telegram No. 85423 dated 9th December 1942 approved in principle the proposals made in my telegram No. 77607 of 28th November 1943, with the exception of the question of disposal of profit which is referred to in your letter No. 0184/37 dated 10th December 1942.

The proposal that any surplus earned should accrue to this Administration was not an essential part of the proposals and I have therefore gone forward on the basis that the various insurance companies should accumulate such surplus as they earn. If in any ultimate settlement it is thought desirable to transfer the surplus to H.M.G. on the ground that the insurance companies are statal or parastatal concerns, it will still be possible to do so at a later date.

Major Knight
Seen [signature]

....../2.

4128

In the meanwhile the Proclamation does not, as was originally intended, contain any provision that the assets of the Institutions should be taken over by O.T.A. but their activities and the investment of their funds will be closely supervised. It has been arranged that Mr. Danielevici should be commissioned and he is now posted to Eritrea to undertake this duty.

4. Although no provision has been made for the profits of the Companies to accrue to O.T.A., I would draw your attention to para. 2(H) of my telegram No. 77607 of 28th November. It is a recognised policy that O.T.A. should pay relief to indigent persons and provide treatment for tubercular patients. The rate of relief payable by the insurance companies has therefore been adjusted to the rates of relief at present in force and in the case of tubercular benefits, to the estimated cost of treatment.

The benefits provided by O.T.A. will have to continue to be made available to a considerable number of refugees, who will never come under the insurance scheme because they will never be employed, and it was necessary to devise a method to prevent the opportunity for malpractices which would exist if benefits were being made available both by O.T.A. and by the Companies.

It has accordingly been arranged that the Companies will pay over the whole of their income from unemployment and tubercular insurance to O.T.A. and that O.T.A. alone will continue to pay all relief and provide tubercular treatment on behalf of themselves and/or the insurance companies. These premiums will come into the general revenue of O.T.A. unless you otherwise direct.

4. The Proclamation has provided for larger increases in Death and Permanent Disability benefits paid by I.N.F.A.I.L. and F.N.M.A.OS than those originally proposed in the actuary's report. This is justified by the increased premium income to be expected as a result of the higher level of wages fixed by Proclamation No. 38 (Mideast signal Q.5/55192 of 1st October 1942 refers).

5. It was at one time contemplated that, in view of the close interest of the Administration in the activities of the Institutions, their operations should be taken outside the scope of the Italian tribunals and of any arbitral bodies set up under the relevant Italian laws, all controversies being submitted to the decision of the Military Administrator. In accordance with the views of the Legal Adviser, this proposal has been dropped: but it may well prove necessary to take special measures by way of appeal to the Sessions Court or otherwise, should the Italian judges adopt an irresponsible attitude of bias in favour of every claimant.

6. The insurance applies only to locally engaged European employees earning less than £50/- a month: Clause 6 automatically exempts all persons employed under contract of service concluded outside Eritrea. At the present time, the Military Administrator has exempted O.T.A., the British and American services and the American Contractors from the obligation to insure their employees although in the case of the latter - i.e., Johnson, Drake & Piper, this is only a matter of form and status, since they have voluntarily agreed to insure fully.

The American services also provide at least cover through I.N.F.A.I.L against accidents during work.

7. The question of the participation of O.T.A. and the Army proper has not yet been finally decided. In my telegram under reference, to which agreed, I proposed that the I.N.F.P. insurance at least should extend to their employees. On further examination however, it appears very desirable that they should also from their own funds provide sickness insurance through F.A.M.A.C. and, in accordance with Italian law, either the I.N.F.A.I.L. accident insurance or equivalent benefits. This would not only prevent administrative anomalies but would secure, as a matter of policy, that we should appear equally good employers, in this matter of social provision, as private persons or Johnson, Drake & Piper. It would appear that certain deductions would fall to be made from payments under the Sickness and Injury Warrants to entitled W.D. employees and your approval to this course would be needed. The matter is at present under discussion with the Financial Adviser and the Director of Pioneers and Labour, G.H.Q. A further communication will be sent to you on this subject.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd) M.J.Babington Smith,
Colonel,
Controller of Finance & Accounts.

Copy to:

M.O.11.
T.O.A., Nairobi.
MBS/LG.

P.S. One copy only of the enclosures to this letter is attached; three additional copies are being forwarded by ordinary mail.

COPY.

REPORT ON ITALIAN PARASTATAL INSURANCE ORGANIZATIONS IN ERITREA.

I. OBJECT OF THE REPORT.

This report has been drawn up in pursuance of instructions received from the War Department. Its purpose is set out in the following extract from the W.D. signal:

(a) Precautions necessary to prevent various societies overlapping with each other or with relief measures generally.

(b) Modifications required to suit present circumstances, for example, adjustment of contributions and benefits payable to ensure societies self-supporting, object will be to avoid as far as possible necessity of supplementary benefits from OETA. funds and scales should be adjusted accordingly.

II. BENEFITS AT PRESENT GRANTED IN ERITREA.

(a) By the Parastatal Organizations to insured Italian wage-earners:

INFPS.

(i) Old age pension from age 65.
Disability (exceeding 2/3rds) pension.
Death indemnity.

(ii) Unemployment (due to lack of work, not disease) indemnity.

(iii) Tuberculosis treatment and relief.
Owing to the depreciation of the Lira, both contributions and benefits have become trifling and the above work has been to a great extent neglected.

(iv) Difference of salary to mobilized clerical staff (at present in abeyance).

INFAIL. (Workmen's Compensation Insurance).

(i) Treatment.

(ii) Half-pay during temporary disability.

(iii) Indemnity for permanent disability (convertible in certain cases into pension).

(iv) Indemnity for death, extended to death by tropical disease. Only accidents, with the exception under (iv) are covered and not industrial diseases.

FAMAO. (Sickness insurance).

(i) Treatment

412

...../2.

(ii) Relief

(iii) Indemnity for death.

A description of these institutions will be found in Appendix "A".

(b) By OETA. to all Italians devoid of means of subsistence:

(i) Monthly relief on the following scale:

E.A. Shs. 40 for the first member of the family
20 for the second
15 for the third
10 for the fourth
10 for the fifth
up to a maximum of E.A. Shs. 95 per month per family.

(ii) Free sickness treatment in hospital or dispensary.

III. OVERLAPPING.

The following cases have been ascertained:

(a) Between the three institutions:

Tuberculosis. For the first six months, the higher FAMAO. relief is paid. The INFPS. benefit for this period is paid over to the FAMAO.

Death by tropical disease. If a case already settled by the FAMAO. subsequently turns out as coming within the insurance cover of the INFAIL, this last, on making the payment, deducts and refunds the sum already paid by the FAMAO.

Permanent Disability. The INFAIL. pension is added to that of the INFPS. but, if the total exceeds the beneficiary's previous income, the excess is deducted from the INFPS. pension.

(b) With OETA. benefits:

Apparently, the Labour Office does not verify, at the insurance institutions, that persons to whom OETA. relief is granted do not receive from them additional relief.

V. MEASURES SUGGESTED.

Assuming(as it appears from a discussion of the subject with the legal department) that the three insurance institutions are State property and that they should be run by OETA., who would be entitled to the profits, the following measures are suggested:

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COPY. AIR MAIL.

THE WAR OFFICE,

LONDON, S.W.1.

10th December, 1942.

0184/37(F.5) SECRET

Dear Babington Smith,

Your telegram O.T/77807 of 28th November, regarding the Italian Social Insurance Schemes has been considered here, and you will by now have received our telegraphic approval in principle of your proposals.

We have discussed the question with Rennell, but both he and we wondered why in your para. Two (j) you propose that the net difference between premium income and benefits should be taken into general revenue. The despatch which you have promised will probably explain this, but in case it does not, Rennell suggested that I should send you this note.

We feel the societies should be treated as self-accounting units and should carry forward their surpluses or deficits, so that when our "trusteeship" at some future date comes to an end the societies can be handed back to the Italian Government, or transferred to their successors, as going concerns complete with their assets. Perhaps you would be good enough to let us have your views if your despatch has not explained this point.

In the case of I.N.F.P.S. I take it that there is no question of premium incomes ever exceeding benefit and relief payments. If there were, we should for the reasons indicated above have doubts whether expenditure and receipts ought to be taken direct into O.T.A. accounts.

Yours sincerely,

(Sgd) ? ? ?

Col. M.J. Babington Smith,
Controller of Finance & Accounts,
Political Branch,
General Headquarters,
Middle East Command.
Cairo.

4123

COPY.

SOCIAL INSURANCE INSTITUTIONS - ERITREA

PROPOSALS

1. DATE OF TAKING OVER.

All three Insurance Institutions and the P.N.A.S. (Patronato Nazionale - "Poor Man's Lawyer") should be regarded as taken over from the first day of the occupation, with their there existing Assets and Liabilities.

An exception, however, should be made in the case of the Soldiers Families Fund of I.N.F.P.S. which is hopelessly insolvent.

2. ADMINISTRATION.

(a) I.N.F.A.I.L., F.A.M.A.O., & I.N.F.P.S. should be administratively merged under a British Officer or Civilian with Insurance experience in order to economize overhead expenses. This should take effect from 1st January 1943 and from this date all accounting will be done in E.A. Currency.

(b) P.N.A.S. will continue to be financed as at present by contributions from the other bodies. It should, however, remain as a separate entity outside the administrative merger of the other bodies.

3. EMPLOYEES OF THE ADMINISTRATION, etc.

Present Position.

British Army) U.S.A. Army)	are both concerned with Accident Insurance only at the moment.
O.E.T.A.	makes no provision for its employees at the moment.
Johnson, Drake & Piper	insures all its employees fully
Douglas Aircraft Coy.	has no insurance in force but has its own Hospital service.
BOAC & UKCC	await a decision from us

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Proposals.

(a) BOAC - UKCC - Douglas should insure fully in the same manner as Johnson Drake & Piper.

(b) All Military & OETA employees should be covered by the new I.N.F.P.S. Insurance in order that the half-share of the Contribution may be collected for the Unemployment & Tuberculosis Funds from the salaries of the workers - for the benefit of the Administration.

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(c) C.S.T.A. should enter into a similar arrangement for Accident Insurance with I.N.F.A.I.L. to that in force between I.N.F.A.I.L. & the U.S.A. Army. (Re-imbursement of cost of treatment given).

4. REVISION OF BENEFIT SCALES.

I.N.F.A.I.L.	Death Benefit	L.30.000
	Permanent Disability	L.36.000
F.S.M.A.C.	Death Benefit	L.10.000

All the above should be adjusted to vary in accordance with the Cost of Living Percentage Bonus in force at any time.

5. REVISION OF I.N.F.P.S. CONTRIBUTIONS.

In accordance with the new scale outlined in the Actuary's Report.

Political Branch,
GHQ., C.M.F.

30th November, 194[illegible].

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(a) Administration. It would be advisable to fuse together the three institutions (not necessarily legally but practically, for administrative purposes, pooling staffs and premises) and place them under the management of an OETA. officer experienced in insurance, for the following reasons:

(i) The financial result of any insurance undertaking depends in the highest degree on the way such undertaking is run by the persons in charge. It is to be expected that Italian managers will do their best to direct the income rather towards the pockets of the Italian nationals than towards the OETA. Treasury, and this would be easy in the absence of a stringent administrative control.

(ii) Even if the administration of the National Insurance Scheme by three separate institutions was justified in Italy by the huge number of insured people, such a state of affairs would be entirely unjustified in Eritrea. Taking into account the small size of the labour population and the fact that, if the measures suggested below are adopted, part of the work would be entrusted to other OETA. departments, it is both possible and very advisable to reduce the personnel and the management expenses. It will be the duty of the officer in charge to introduce all the simplifications in the working methods rendered possible by the reduction in the size of the business and the fusing of the institutions, with consequent saving in administrative expenses. A scheme covering the whole of Italy and colonies, with a mobile labour population, required elaborate methods unnecessary now that the scheme is reduced to Eritrea only.

(b) Overlapping. All relief payments due by the insurance institutions should be made through or in conjunction with the Labour Office.

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A decision should be taken on the compatibility between insurance benefits and OETA.relief. Clearly, temporary insurance benefits (not cost of treatment) should be deducted from the OETA. relief, but/the case of capital indemnities the decision is not so easy as a case could be made both ways. A middle course would be to deduct from the OETA. relief the annuity-equivalent of the capital paid.

(c) Adjustments. Adjustments are made necessary by the fact that, owing to the depreciation of the lira, the maximal limits set by the Italian law have rendered the benefits, in many cases, negligible.

COPY.

No. 284/89

SECRET.

TROOPERS (reptd.) E.A. COMMAND

MIDEAST OET/77607 28/11

Political for F.5 and M.O.11 from V.C.P.A.(.) Reference your signal 58305 of 16/12/41(.) ONE (.) Report of expert loaned by local Insurance Company received and now considered (.) Financial situation satisfactory(.) Following is summary of main recommendations(.) TWO (.) (A) Administrative fusion of the several organisations to reduce overhead expenses commencing first January next under supervision of British Officer(.) Expert employed for report willing join OETA. for purpose(.) Separate entity of each organisation to be preserved(.) (B) All institutions will be taken over as part of OETA. organisation on first January next but all profits from date of occupation to accrue to OETA.(.) (C) Contributions benefits and accounting to be in East African currency from first January(.) (D) Generally for each institution to adjust contributions and benefits where necessary as result of expert's appraisal(.) (E) In particular to resuscitate INFPS. Insurance which at present is dormant as follows (.) (F) Unemployment benefits to be raised to coincide with present scale of OETA. relief(.) Italian pre-occupation ratio of contribution to benefit to be retained since no other statistics are available and contribution raised accordingly(.) (G) Contribution for tuberculosis benefit to be raised to level appropriate to cost of treatment in Government hospitals(.) (H) Whole income of unemployment and tuberculosis contributions to be paid direct to OETA. by whom all unemployment relief will continue to be paid and all tuberculosis

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treatment continue to be given(.) Considerable saving against cost of relief and medical expenditure anticipated(.) Conservative estimate contribution income in pounds per week unemployment four hundred tuberculosis two hundred and forty(.) (I) Old age pension contributions payable to INFPS. institute to be collected and funded(.) (J) Ascertained profit of INFAIL. and FAMAO. to revert to OETA. at yearly rests(.) (K) All employees of OETA. and Military should be included in INFPS. insurance scheme to secure maximum number of contributors and reflect reduction of cost to OETA. of relief payment and tuberculosis treatment(.) THREE (.) Recommend adoption of main principles set out above(.) All details can be arranged locally(.) Please signal very early approval of main questions of principle enumerated above to enable direct management by OETA. to commence first January(.) Despatch follows

Distn.

M.A., Eritrea

F.A., G.H.Q.

4118

Cipher 12.45 Hrs.

Colonel (Sgd) P.W. Adshead.