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The Italian State Monopoly in Life Insurance: The Organisational and Management Model of the INA (1912–1923)

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Abstract: During the first two decades of the twentieth century in Italy, in addition to the development of mutual insurance companies, the state was involved in safeguarding the interests of various social partners in expanding the concept of social security and, at the same time, increasing the importance of its central role as investor in the Italian economy. Life insurance – through the creation of a National Institute (INA) which carried out its activities in a relative monopoly regime for about a decade (1912–1923) – was the first sector in which the expansion of state intervention began. The simplicity of the organisation consisted in the way in which the INA's insurance activity was structured, and it represented the real element of novelty. The research, largely based on documentary sources from the INA historical archive in Rome, sheds light on this particular moment in the Italian insurance and entrepreneurial history, connecting in an articulated way with the historical and economic contexts of reference: the strong political and economic implications, the legislative precedents of the project, the first economic results and the reactions – national and international – to the state monopoly.

JEL classification: N13; N23; N43
Keywords: Twentieth century, Italian liberal age, State intervention, Life insurance, State monopoly, Nationalisation

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1 Introduction

This paper focuses on the first decades of the twentieth century in Italy, during the government of Giovanni Giolitti, in the liberal age – that is, the first phase of Italian capitalism, which appeared in the form of state capitalism. The intervention of the state became relevant through some initiatives, such as the nationalisation of the railways (La Francesca, 1965), customs protectionism, the rescue of banks through state institutions and the nationalisation of insurance. Historiography agrees in defining the Italian capitalist accumulation as being due not so much to the growth of productive activities but to the creation of specific financial channels and specific economic policy instruments (Bonelli, 1978; Romeo, 1981; Fausto, 2017).

Therefore, in the years preceding the First World War, the direct intervention of the state in the economy became an essential moment of Italian economic policy. The historical backwardness of the Italian economy, the lack of capital and the poverty of the market had pushed in this direction the political and economic ruling class, which was nonetheless still ideologically inspired by liberalism.

This contribution aims to focus in particular on the insurance industry, which, as already mentioned, represents one of the sectors in which it was thought possible to expand public intervention.

In this period, the social and economic progress of the nation contributed to reducing the dominant sense of uncertainty, which could complicate economic and financial decisions, through the search for suitable solutions to face risk. It was important to know how to manage the many variables that could affect the accumulation of savings and capital, the productivity and results of businesses and the distribution of wealth.

This situation called attention to preventive activities and led to the birth and development of many private companies and mutual insurance companies, which represented a profitable and growing sector. At the same time, the importance attributed to state intervention in economics increased in many entrepreneurial and financial spheres through support and protective actions, providing a concrete application of economic policy that characterised several decades of the twentieth century in Italy.

In this climate, a public institution was created that aimed to manage life insurance – one of the sectors in which the idea of social security was best expressed, as well as being a particularly profitable and expanding economic sector. This was the sector in Italy in which the presence and growth of state intervention began – through a public institution but managed according to a privatistic structure – an approach which would later apply to many other areas. This was in line with the trend that was affirmed both economically and politically at the time that involved the development of social legislation based on the general interests of the community and on measures of a more structural character, such as the aforementioned railroad statisation (1904).

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In those years, the nature of the Italian state changed to include a new "sociality" capable of transforming the economic fabric of bourgeois society.

The public institute that was created was the National Insurance Institute (*Istituto Nazionale delle Assicurazioni* – INA), which was created in 1912 and operated under a monopoly regime during its first decade of activity (1913–1923). Through its establishment and the management criteria of simplicity and leanness, it was intended to establish more direct contact with the most disadvantaged social classes, strengthening their trust in the state. Moreover, the expansion of the concept of foresight allowed for progress in civil life, and the INA represented a tool to better face the possible negative consequences of risk in the population's economic and social activities.

The objective of this contribution, developed on the basis of numerous documentary sources collected in the Funds of the INA Historical Archive of Rome, in addition to the main historiography on the subject, is to highlight an interesting, and scarcely discussed, moment in the history of Italian companies and insurance companies, limited to a decade of activity.

The essay, using the historical-qualitative method, develops through a continuous comparison with the elements of the historical and economic contexts of reference, drawing out the strong political and social implications, the legislative precedents of the project in question, the first economic results of the monopoly and the national and international reactions to an economic policy conducive to the expansion of state intervention in a highly profitable financial sector.

The main creators of the INA constitution were Minister Francesco Saverio Nitti (De Rosa, 1984; Barbagallo, 1994), one of the most authoritative interpreters of the Southern question, who played an important role in Italian economic policy in the late nineteenth and early twentieth centuries, and Alberto Beneduce (Potito, 2004), his collaborator at this stage.

Alberto Beneduce is remembered because he played a decisive role in laying the theoretical foundations and in ensuring the concrete implementation of the major financial institutions that characterised the Italian economy in the first half of the twentieth century.

Reflections on the influence of the risk and uncertainty in economic activity that were present in Beneduce's thought – as a politician, teacher and statesman (Beneduce, 1914; 1915) – led, over more than 20 years, to initiatives aimed at organising savings and insurance and reorganising credit according to the criteria of credit specialisation for financial support for industries, businesses and public works (Baratta, 1985; Bonelli, 1985). He was responsible, among other things, for the establishment of credit institutions – the so-called *Enti Beneduce* – dedicated to individual sectors, including CREDIOP (*Consorzio di Credito per le Opere Pubbliche* – Credit Consortium for Public Works), ICIPU (*Istituto di Credito per le Imprese di Pubblica Utilità* – Credit Institute for Public Utility Companies) and the ICN (*Istituto per il Credito Navale* – Naval Credit Institute). This was until the establishment of the IRI (*Istituto di Ricostruzione Industriale* – Industrial Reconstruction Institute) in the 1930s, which was instrumental in supporting Italian economic and industrial development in the twentieth century in the most important productive sectors through a system of state participation in many companies (Baratta, 1985; Cassese, 1985; Melis, 1985; Asso, De Cecco, 1994).

2 Establishment of a State Insurance Institution

One of the three points of the government programme presented by Giolitti in 1912 concerned the establishment of a National Insurance Institute – a project with immediate social and welfare impact. With Law n. 305 of 4 April 1912, the INA was created under a relative monopoly regime in the sense that private insurance companies that were already offering life insurance on that date were allowed to continue to manage current contracts and collect premiums (Scialoja, 1971; Del Bono, 1978; Potito, 2012; 2017), although under certain conditions and for a certain duration, as discussed later in this paragraph. The obligation was also established to use half the collected premiums and the sums obtained from the securities themselves in government debt securities of the state (or guaranteed by it).

The idea of state monopoly is better understood along the economic policy lines of Nitti. During his prolific activity, he expressed sympathy for state monopolies in many circumstances, just as fears about generalised nationalisation prevailed at other times. On the occasion of the reduction in duty on oil in 1907, he suggested considering the idea of the monopoly – fiscal, in this case – of the state, although in other historical contexts, this had produced negative results. This was not an isolated example: there were many occasions when he showed openness towards state monopolies, a sign of his intimate and determined conviction rather than a political choice considered the best at a given time. Although uncertain about the practice of nationalising at any cost and in a hasty manner, Nitti supported this in the case of companies that were already in the conditions of a relative natural monopoly, a *de facto* monopoly. In 1893, regarding the nationalisation of the railways, the state presented a guarantee to build them to be solid and lasting. Therefore, it seems logical that the life insurance industry, due to its particular nature, was clearly among the sectors best suited for a state monopoly.

The characteristics of the insurance industry favoured the entry of the state and, in a certain sense, justified a monopoly situation in an almost 'natural' manner. At that time in Italy, an almost *de facto* monopoly had already been created: the insurance industry was concentrated in a few hands, and the companies that engaged in this activity agreed among themselves to the sharing of the market.

The possibility of state management in a monopoly regime was supported by the fact that life insurance was an easily disciplined branch that by its nature did not require significant or overly rapid technical changes. Thus, it was an industry whose activity could be expected and programmed with high approximation as it was extremely regular. Its typically state-based continuity and stability constituted a guarantee for the operation of this sector and determined its attractiveness to citizens. The state inspired great trust, much greater than the credit institutions, even the most powerful ones.

In the initial project, there was an idea that the state, replacing private insurance institutions, would be part of the savings accumulation process, thus protecting the liquidity of small savers that was often the result of years of difficult sacrifices. Moreover, the state could sustain the growing general expenses of the insurance sector, which tended to diversify the field of activity and the duration of services over time, to guarantee the contracts assumed with greater security and to obtain higher profit shares in the same conditions as private companies. The fact that this activity did not require either an entrepreneurial organisation or large capital (apart from the usual initial installation costs) made the national monopoly the most suitable and natural solution.

One of the most innovative features of the INA, which was applied in the organisational structure of subsequent public management bodies and is therefore significant in the history of Italian public institutions, was the peculiar relationship with the state, which also characterised its legal form. In other words, the INA had a distinct legal personality and autonomous management and possessed all the characteristics of a private company; however, instead of being in private hands, the property belonged to the state. Ultimately, all of its organisational structure was designed according to a privatistic model because it was not intended by its creators to create a new and complex body of state bureaucracy but rather a new structure that was more agile and flexible than the heavy traditional models and that included medium–small devices, the availability of team work, the enhancement of individual initiative, relative financial and managerial autonomy and the presence of managers with strong personalities.

In reality, the gestation of the INA constitutive law was neither easy nor short; it required more than a year of preparation. The contrasts between the two political parties (socialists and conservatives) constituting the government of Prime Minister Giovanni Giolitti were acute; thus, the government had to perform constant mediation. The text of the law was ultimately the fruit of a compromise reached after a long and tormented debate on the political and economic levels. In this debate, the initial reforming position ultimately proved to be much more attenuated than the original proposals of its creators. The parliamentary debate halted due to Italy's war action in the Libyan territory. In addition to engaging the government more than expected, this situation affected the different political moods towards Giolitti, including the patriotic enthusiasm of conservative groups and the discontent of socialist groups.

Initially, the insurance monopoly project was presented as one of the points of a government programme through which Giolitti intended to obtain the socialists' approval. It stipulated that the residual profits realised through the monopoly of life insurance should go entirely to the National Welfare Fund for the disabled and retired workers (*Cassa Nazionale di Previdenza per l'invalidità e la vecchiaia degli operai*). This was a project with immediate social impact that quickly obtained the approval of the reformist socialists. With the secure guarantee of the state, an increase in pension provision in the form of life insurance was obtained, and the proceeds of the insurance of the wealthier classes increased the workers' pensions (Giolitti, 1954, p. 1368).

An important element was the financial aspect of the monopoly project. Since the economic crisis of 1907, the state budget had shown a growing deficit that was also due to the reduced flow of tax revenues. In its difficulty in finding new financial resources, the INA represented an excellent alternative to the traditional channels for raising funds (Jorio, 1980, pp. 58-59).

Thus, the political aim of attracting the attention of socialists was to support the attempt to prevent workers' pensions from weighing too heavily on the state budget at a time when a policy of rearmament had begun (in the wake of imperialism) and a self-financing social reform was therefore preferable.

The insistence of opponents, particularly conservatives, that the parliamentary seat constantly highlighted the "socialist" aspect of the question suggests that in reality, they were primarily attempting to safeguard the economic interests of private companies (Scialoja, 1971, p. 1017).

In fact, the socialists already understood the scope and, above all, the limits of the project. They explicitly asked that the fate of the INA be kept well separated from the question of workers' pensions.

The socialists decided that the results and administration of workers' pensions should weigh only on the general budget of the state, because it was a function of a modern state in favour of the public interest to reduce any uncertainty and find a secure guarantee in the state budget. This provision showed that the socialists did not consider the INA a definitive solution to the question of the National Welfare Fund and that the profits of the INA would only represent a further contribution (Parliamentary Acts, 1911, p. 16320).

What remained evident and appreciable, however, was the radical and anti-capitalist significance of a provision that allowed the community – through state support – to remove the possibility of enrichment and speculation on citizens' savings from the hands of private companies (Del Bono, 1968, pp. 656-662).

After the interruption of parliamentary debate due to war events, the initial and strongly polemical tones of political content were attenuated, moving the discussion almost exclusively to a technical level as a consequence of the substantial innovations that were progressively introduced by the new amendments between the Ministry and the commission in charge of planning the monopoly (Giolitti, 1982, p. 201).

The bill had been profoundly modified and was completely different from the first one. Three new principles of substantial importance had been introduced: the beginning of the decade of transition, the principle of reinsurance and the principle of the guarantee of policies by the state (Parliamentary Acts, 1912).

The main novelty was Article 24-quater, which established the possibility for companies legally providing life insurance in the Kingdom as of 5 June

1911, and only for sums insured over 20,000 lire to continue operating for no more than 10 years from entry into the force of law.

A direct consequence of this transitional period was a principle very similar to the concept of reinsurance, which represented a second novel element with respect to the original bill: the companies authorised to continue their activity were required to cede to the INA 40% of the risks taken after the law came into force. With these two principles, a concession of mutual interest was created. While private companies were allowed to liquidate the past, the new Institute was given the necessary time to order itself. In fact, companies could continue to fully realise the profits they had already acquired and industrial profits for 10 years, calmly providing for an administrative and financial liquidation without trauma. At the same time, the Institute strengthened its constitution, preventing the damages that would have invariably occurred through the hasty destruction of the old organisms.

Amendments were formulated to make the transition to the state monopoly regime less abrupt – a compromise that considerably reduced the most qualifying part of the monopoly project and placed the INA in a condition of relative monopoly that was more precarious than the original design.

3 Legislative Precedents

The idea of an insurance monopoly did not originate in Italy; it had been the subject of numerous studies and legislative proposals that never achieved concrete implementation (Magaldi, 1921, pp. 4-5). Moreover, a comparison with the other states suggests that the Italian legislation on insurance was incomplete. The lack of organic discipline for insurance companies made it necessary to have special legislation that created governmental surveillance tools for life insurance, taking foreign laws as a model.

In foreign legislation, the general concern appeared to be that this activity was regulated as it was considered to be of fundamental public interest. While this resulted in a widespread tendency towards growing state intervention, the Italian legislation seemed to have moved in reverse, from the system of prior authorisation and government supervision (as established in the 1865 Commercial Code, in which insurance companies were treated as commercial companies) to the system of non-interference in the subsequent Commercial Code (1883).

In France, the government had always exercised strong vigilance. In Austria and Switzerland, there was strict discipline on insurance that established the principle of prior authorisation. Hungary had legislation according to which companies were not subjected to prior authorisation to start their own business but still had to comply with particular conditions to obtain registration at the court. In Germany, the unitary legislation was introduced in 1901; previously, the criteria of prior authorisation and management control established by the rules of the individual states had been in force. Additionally, in Russia, the principle of prior authorisation was employed with the obligation of bail. In England, the insurance business was quite free at this time; only the life insurance sector was regulated but less rigorously than in France.

The North American system involved strict control on the part of the state. There were definite rules concerning the establishment of the initial capital, the deposit to be paid, the necessary authorisation by a superintendent, a series of rigid models of financial statements to follow and continuous periodic reports on the activity. American pragmatism identified in the constancy and seriousness of control was the basis for the development and solidity of the insurance companies, and no questions were raised to limit it.

Finally, in Norway, there were no regulatory provisions on insurance. In Spain, the code initially provided for assimilation to anonymous companies, and in 1908, a law introduced meticulous supervisory regulations. Non-interference by law was proposed in Belgium, Portugal, Romania and in the states of Central and South America.

An industry of this nature could not be left at the mercy of anyone who wanted to speculate with other people's money. For the supporters of the Italian monopoly, this could only be the state with its vigilance and the best guarantee of protection for the insured.

Yet after the publication of the 1883 Code, which encouraged the emergence of many small businesses that offered no guarantee of solidity or the ability to meet their commitments, there were two designs of failed law.

Both projects emerged from the ascertainment of the normative insufficiency of the Commercial Code (then in force) and from the inadequacy of Article 145 in particular. The first draft law that provided for monitoring by the state very closely resembled the English model. Instead of reducing state control to prior authorisation, the rules of the bill created a subsequent control system for the correctness of management and the solidity of the company. However, the exclusion of control over the policy conditions represented a limitation compared to the other European legal systems.

The main novelty introduced by the second and subsequent draft laws consisted of assigning the task of the verification of legitimacy to public administration, which accorded an important role to the Ministry of Industry and no longer to the judicial authority, as envisaged in the previous draft. The rest of the rules broadly resumed the rules of the previous project. These rules did not resort to the system of prior authorisation but required only that compliance with the legal criteria be determined in advance. The purpose was to introduce a discipline that partially filled the gap in the control systems of the major industrialised countries.

In this period in Italy, there was a strong theoretical reference to the ideas of the German Adolf Wagner that spread among the so-called *Socialisti della* *cattedra*.[1] Insurance was considered a means to create conditions of trust and security with regard to the economic sacrifices of a large number of individuals.

The basic consideration was that insurance should not be considered like any commercial enterprise and subject to the liberal rules of the time but rather as a public institution that was a bearer of a general economic interest from which the concept of individual profit was completely excluded. Therefore, the activity of an insurance institute should not be aimed only at specific categories of subjects but should extend to all people and all events, referring to the idea of compulsion for most insurance sectors. This obligatory nature, which Wagner considered necessary, was not only in the interest of the insured but also in the general interest of the entire society to prevent the causes of poverty and misery through a service activity that limited the causes of social contrasts. Given the marked social character, the state played a fundamental role in the powerful defence of individual freedom, which was not limited in this way but rather was safeguarded in the interest of a public economic purpose.

There were 23 life insurance companies operating in Italy in 1894, of which 19 were foreign. Of the 398,285,387 lire of insured capital, 268,117,508 lire were held by foreign companies and 130,167,879 lire by Italian companies (Biancoli, 1894, pp. 8-10). Of the 15,977,260.74 lire of premiums paid, 10,081,158.58 lire went to foreign companies and 5,896,102.16 lire to Italian companies. These were considerable sums that could represent one of the most active and effective forces in the nation's material development, and it was considered harmful to see substantial capital collected in Italy that crossed the border to then return nearly halved. The life insurance sector was the area in which foreign companies were going to get richer as very large capital accumulated with annual premiums and enormous profits were realised because a high percentage of the stipulated contracts did not reach maturity.

In those years, it was recognised that although insurance in Italy was still an undeveloped and underutilised sector compared to other European countries, it was still extremely profitable, and the financial structure of the major companies engaged in the sector could be considered satisfactory. In the second half of the nineteenth century, the development of the insurance sector in Italy followed the economic, industrial and financial development of the country, alternating phases of expansion and stagnation. Accordingly, it felt the effects of the economic stagnation between 1888 and

[1] At the end of the nineteenth century in Italy, the Socialists of the Chair were a group of economics and law scholars who, in the wake of the homonymous German school, began to support the legitimacy of the state in economic and social affairs. The so-called socialism of the chair (or state socialism) claimed that it was the direct responsibility of the state, with authoritative interventions from above, to act in the economic and social fields to control the main productive aspects of national wealth and thus maintain the current political and social structure.

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1896 and continued to expand at the end of the century in conjunction with industrial growth and the international expansion cycle during the Giolittian period.

Even the evolution of the sector was conditioned by the absence of regulation. The gap between large and small insurance companies was accentuated because the large companies could enjoy greater financial resources and were able to set tariffs against the limited guarantees of solidity of the small companies, which was aggravated by the absence of controls.

Thus, through the monopoly, the state achieved a high economic-social objective by creating a public institution for the benefit of the community; however, it also obtained a financial result that supported its own budget.

The monopoly produced indisputable advantages, such as the possibility of continuous and active supervision, greater security for the insured and reductions in administration and production costs. It simultaneously removed all preponderance and effectiveness from foreign speculation.

While the banking credit sector had been upset by years of crisis due to numerous episodes of building speculation, no similar situation had disturbed the economic order of the insurance sector, which was dominated by the two great Austro-Hungarian companies.

In 1911, a scheme of insurance law was again studied and then presented to the Chamber on 27 February. Unlike those that preceded it, this project limited its application to life insurance companies.

State control occurred indirectly. No prior authorisation was expected, but government supervision was conducted through the Ministry of Agriculture's faculty to request urgent measures necessary to fulfil obligations towards the insured, examine annual financial statements, confirm that the mathematical reserves were calculated exactly according to the mortality tables, and call companies to comply with the law. This project also failed to pass in parliament because it lacked adequate political support and was opposed by strong financial and industrial groups that disputed the regulatory recognition of state intervention.

Therefore, the long incubation period of the new legislation on insurance cannot be said to have passed in vain. The succession of many attempts at bills, none of which were successful, allowed the deepening of some themes that formed the basis of the bill that led to the establishment of the INA, especially the part that provided for state interference in the sector. No other country moved from a phase of marked and lasting deficiency in a regulatory framework to an extreme and revolutionary solution such as that of monopoly; therefore, there is no analogous situation in any other liberal government of the time.

4 The Life Insurance Market in Italy at the Beginning of the Monopoly Decade

If, on one hand, the introduction of the new amendments attenuated the national political disputes, on the other hand, the controversies outside Italy regarding the constitution of the new Institute did not cease, particularly among the nations that held the greatest interests in the Italian insurance sector.

At the time of the bill's presentation, there were 58 active companies in the Italian life insurance sector, of which 32 were national and 26 were foreign (7 Austro-Hungarian, 5 French, 4 German, 4 English, 1 Dutch, 1 Spanish, 1 Swiss and 3 U.S.). Although the number of existing policies amounted to 171,277 for Italian companies and 114,214 for foreign companies, the value of the insured capital showed the more substantial weight of foreign companies: approximately 720 million lire for Italian companies in addition to a total of 991 million for foreign ones.

By comparing the sizes of the respective mathematical reserves and the related premiums collected during the year, we can observe how much greater those related to foreign companies were. The mathematical reserves of the national companies totalled 168,567,790 lire, those of the foreign companies totalled 261,230,171 lire and the premiums for the 1910 financial year of the Italian companies amounted to 30,412,594 lire in comparison with 38,738,205 lire for foreign ones (Disegno di Legge, 1912, pp. 25-27).

Notably, the two companies with the highest values of insured capital and with the most substantial portfolios were the two companies of Trieste, *Assicurazioni Generali* and *Riunione Adriatica di Sicurtà*, which at the time were Austro-Hungarian and not yet Italian.

This strong foreign presence was not well tolerated by the promoters of the monopoly project. One of the objectives of the monopoly reform was to remove the savings of Italians from the coffers of foreign companies and shareholders, which held most of the market. Specifically in the case of insurance, foreign capital did not create or strengthen industries in Italy (in which case, they would have been welcomed) but rather engaged in a real organised export of national savings. At this time, the life insurance industry was expanding and was largely profitable.

From the documents collected in the Historical Archive of the INA (INA AS), particularly in the so-called Monopoly Fund (*Fondo Monopolio*) and so-called *Carte Beneduce*, it clearly appears that the complaints raised by foreign companies and their governments marked the entire 10-year period in which the relative monopoly of the INA was exercised.

The greatest contrasts arose with Austria-Hungary, with whom relations had deteriorated due to the common imperialist ambitions towards the Balkans and Turkey, as well as the never-ending question of nationalist irredentism in Italy.

Despite the presence of companies of other and different nationalities (e.g., English, German, U.S.), the two Austro-Hungarian companies were the most important ones in the entire Italian market. *Assicurazioni Generali* alone had insured capital of more than 320 million lire and the *Riunione Adriatica di Sicurtà* more than 194 million lire for a cumulative total of 59,179 policies in force. Nevertheless, in the specific case of these two companies that together managed more than 80% of the entire portfolio insured in the Kingdom, the broad base of contracts allowed a gradual withdrawal from the Italian market.

5 First Economic Results of the Monopoly

Due to the acquisition of the portfolios, the financial situation of the INA at the initial moment of its activity already avoided the law that allowed recourse to the State Treasury to provide for the costs of installation and management in the initial years. In fact, the INA was born with the characteristics of a powerful insurance company and with a very high income: the acquisitions of the companies' portfolios in 1912 alone gave it a patrimony of 40,573,460.16 lire, while those that occurred in 1913 brought an increase of 110,694,322.51 lire. Altogether, the INA obtained activities for 151,267,782.67 lire (Relazione sul Bilancio Tecnico, 1913, pp. 45-46).

From the first period of its activity, the INA offered various forms of insurance at prices that were significantly more favourable than those of the main companies authorised to operate in the market. Thus, it quickly gained the favour of the public.

Moreover, from the first year, it acted as an observatory of the nation's economy. The distribution of wealth in the Kingdom was easily deduced from the number of policies, which had a higher than average value in the most industrialised regions (Piemonte, Liguria and Lombardia) and much lower in the poorer regions (Basilicata, Calabria and Marche).

However, despite the greater average value of the secured capital of the contracts in Northern Italy (compared to those of Central and Southern Italy) and although mixed forms (with a higher premium) were more frequent in the northern regions, the territorial distribution of the INA's production confirmed the promising spread of the insurance contract in the South.

This was because, in addition to financial resources, territorial distribution was affected by factors such as the quality of the organisational collection system, the spirit of social security, trust in state agencies and the existence of large urban centres. These motivations explain why, with regard to absolute production, Lombardia (which was in first place) was followed by Campania, Sicilia and Lazio.

The continuing work of education and incitement to saving and foresight, as a major social purpose of the INA, was fundamental. It was necessary to bring life insurance premiums to levels compatible with the lower incomes of the population to offer people of all social categories the possibility of insuring against life events and disability and to allow the working class supplementary insurance to the disability and old age pensions. The first positive results gave good reason for satisfaction with the spread of social security to every part of the population, and the firm and agile organisation and trust of the population in the state provided hope for fruitful results in the future.

The real element of novelty was represented by the organisation of the INA. The simplicity of the administrative organisation and the appropriate decentralisation of the structures for the collection of contracts allowed the expeditious regulation of relations with the insured, generally the prerogative of private companies, to reach even the most remote and isolated centres. The cost-effectiveness of the management allowed the contracts to be offered at advantageous prices to allow broad participation among the humblest classes.

The simplicity of the organisation consisted in the way in which the insurance activity of the INA was structured. While the headquarters had been established in Rome, in the rest of the Italian territory, local bodies – so-called General Agencies (*Agenzie Generali*) – were assigned tasks of collection of contracts and representation, entrusted in concession to local entrepreneurs, who assumed all the expenses relating to structures, operations, personnel and administration. The collection of payments was accomplished by means of provincial subjects who relied on district and local agents and who could use the post offices for collection. In this way, the insured could apply to local bodies or directly to the headquarters for each request (Nota sull'Organizzazione, 1913).

The INA provided payments by using Bank of Italy money orders turned over to eligible policyholders and sent to them by agents. With this system, the Institute achieved great speed and simplicity both in its commitments to policyholders and in the agents' cash service.

In addition to its action to stimulate the development of social security throughout the country, the activity of the INA could be considered a tool for collecting national wealth. Inserted alongside the many credit institutions that collected the savings of the middle and working classes, the Institute, due to its organisation, was able to help the State Treasury. According to its balance sheet on 31 December 1915, the INA held more than 185 million government bonds.

Another important financial activity that characterised the new Institute – and served to dispel concerns about the absorption of savings by the state – consisted of the support given to the realisation of infrastructure, public works, ports, reclamation, railways, hydraulics and mountain access. The INA had already reinvested more than 12 million lire in these activities at the end of 1915 and had reinvestment commitments of more than 70 million.

During the war period (1915–1918), the INA's activity expanded considerably, bolstering its reputation in Italy and abroad as a powerful financial organisation capable of adapting to the most urgent needs of the nation.

First, the particular role of intervention in the placement of government bonds must be considered. During this period, five national loans were issued in the market by a banking consortium led by the Bank of Italy to respond to the war needs. The first three consisted of long-term securities at rates that increased slightly with each issued loan; the other two consisted of inconvertible securities for 15 years and without a subsequent repayment obligation by the state. The INA contributed to the placement of the titles, intervening with special and ingenious forms of insurance that were welcomed by the citizens, who were continually encouraged to participate in the war effort by stimulating their patriotism. This was an issue of government bonds offered by the Institute, which also adopted forms of payment and reduced rates to meet even the most modest classes, who obtained the same benefits as insurance.

The urgency of the conflict also required the development of special forms of insurance for combatants and other war needs. A special social security system, adopted in full conflict, was temporary insurance in the event of death without prior medical examination with a single premium. It aimed to satisfy an exceptional request from the civil population and non-combatant troops and had to be suitable to reach the working classes.

An additional initiative by the INA, linked to the exceptional circumstances of the war, was aimed at those categories of citizens who had made extraordinary gains due to the productions necessary for war. It was thought that the possibility of reutilising the resources derived from the exceptional economic conjunctures of the war economy could be used in social security and in the interests of the Institute. To this end, special forms of insurance and special tariffs were created with a single premium of various types (e.g., immediate life annuity, capital with deferred annuity, survival income, education income).

During the conflict, many other measures were also taken to meet the needs of the troops and improve the living conditions of the soldiers. Among these, some special insurance contracts specifically created by the INA, the so-called *Polizze del combattente* (fighter policies), were established with DD.LL (10/12/1917 and 30/12/1917, nos. 1970 and 2047). These were free insurance contracts, a symbol of gratitude to the combatants and, at the same time, an important means of propaganda for the diffusion of insurance pensions.

Within the INA, a special Combatant Policies Service was also established that mainly performed the tasks of collecting and arranging policy matrices, issuing policies in favour of combat officers and investigating and settling claims. These were all tasks of a non-minor nature to be carried out with the help of military commands from the front and complicated by large numbers.

A comparison with other countries during those years, such as France, Germany and Switzerland, suggests that the overall production of the life insurance business in Italy was certainly satisfactory. Italian production in the period 1914–1918 was equal to +561.5% (percentage increase based on 100 as the average production of the years 1909–1910) and thus was between that of Germany (+378.8%) and Switzerland (+607%). As amply demonstrated in a study (Baglioni, 1997, p. 436), during the five-year war, while private insurance companies that continued their activity slightly more than doubled production (+224.5%) compared to the two-year period of 1909–1910, the INA increased the production of the 54 companies it had replaced (25 had sold the portfolios and 29 continued to administer the old policies without taking on new ones) by more than 7.5 times (+754.6%). Therefore, during the conflict, the INA dominated the insurance market almost unopposed.

The INA also assumed the management of war and ordinary risks in navigation, allowing the state to accumulate huge sums. The state also determined the expansion of the INA's operational area, which, with further legislative provisions, was authorised to accept reinsurance risks of any kind from national and foreign companies, penetrating all branches of the insurance sector and attracting large amounts of capital that would have escaped the limited potential of private companies.

The year 1918 showed signs of a powerful resumption of the INA's production, especially owing to the operations connected to the Fifth National Loan. In a remarkable leap that was perhaps unique in the life insurance sector, the capital related to the production of that year jumped to more than 800 million (in real terms, according to the cost of living in 1918, approximately 302,880,000 lire), with a collection of premiums of approximately 40 million lire (approximately 15,144,000 lire in real value). This allowed the INA to place itself among the most powerful insurance organisations of that period. As an indicator of this trend, it is sufficient to consider the premiums collected in 1920, amounting to 149 million lire (approximately 42,286,200 lire according to the cost of living that year), and the increase in assets that in the same year amounted to 103 million lire (in real values of 1920, approximately 29,231,400 lire).

6 1923: The End of the Monopoly

With the approaching end of the decade of relative monopoly, controversy intensified among the opponents of this regime, as is evident from the documents of the *Monopoly Fund* of the INA Historical Archive, mostly dated 1922–1923.

The only companies that remained active in the life insurance sector at the end of the decade were the two Trieste companies and *Compagnia di Milano* as well as four foreign companies – the French *Phénix*, *Nationale* and *Abeille* and the English *Gresham* – which practically had no more direct activity but only nominally appeared among the authorised companies (Morpurgo, 1920, pp. 9-10).

Therefore, the *Generali* and *Adriatica*, which in the meantime had become Italian, prepared to intensify the struggle with a press campaign aimed at orienting public opinion in favour of the idea of an extension of at least 10 years of coexistence between the INA and private companies to limit the moral damage they would receive.

It should be noted that the nationalisation of the two important companies of Trieste negated the need to protect the savings of Italians, who were no longer inclined to fill foreign banks.

In response to the pressure from the Trieste companies, as found in numerous documents, the positive results of the INA's activity during the war and post-war periods were highlighted. These were moments in which the social security action and the moral function and politics of the state had become even more tangible owing to the exceptional measures, the special policies in favour of the combatants and the collaboration with national loans.

To confirm the need for the monopoly, the INA showed that the operational programme could have been even more extensive had it not been limited and conditioned by the coexistence of private insurance companies.

However, the expiration of the transitional period coincided with a political change that had a decisive influence on the fate of the monopoly. It was soon evident, in fact, that the intentions of the new fascist government were directed towards the definitive abolition of the national monopoly.

On 11 January 1923, the Board of Directors of the INA was dissolved, and its temporary management was entrusted to a Royal Commissioner in charge of elaborating the institutional and programmatic reforms necessary for the definitive settlement of the Institute as a company and as an institution responsible for organising the Italian insurance market.

In a letter addressed to Bonaldo Stringher (General Manager of the Bank of Italy and President of the Board of Directors and of the Permanent Committee of the INA from 1912 to 1923), Minister Rossi defined the dissolution of the Council of the INA as an act in harmony with the spirit of the new times that coincided with the needs created by the same legislation at the close of the decade of the Institute's life. This act implied neither censorship nor mistrust of the administrative body that had sustained the fate of the Institute, whose flattering results achieved in the first cycle of activity were recognised.

The lines of the reform presented on 1 February 1923, which corresponded to the directives outlined by the fascist government, can be summarised in five fundamental points: (1) the abolition of any idea of monopoly; (2) transformation of the role and structure of the INA, adjusting its powerful technical-financial base to the purposes of the new requirements; (3) close coordination of the companies to protect the interests of the insured around the state Institute, which, transformed and renewed, prepared itself for the organisation of the insurance market; (4) safeguarding of the interests of the two Trieste companies so they could be put in a position to carry out their activities while relying on the support of the INA for greater expansion in its homeland and abroad; and (5) the placement of many of its business on foreign markets as important economic factor in Italian expansion.

In 1923, an organic discipline of the entire insurance sector was codified for the first time in the country, bridging the gap that had been created by the legislation of the major European states where, as early as the mid-nineteenth century, the state had been authorised to intervene both in the institution and in the management of the companies.

For some, the law of 1923 was seen as removing a brake imposed on the progress of life insurance in Italy, which would have been paralysed by the state monopoly, compared to what happened in the same sector in other European countries.

This was a shared opinion in financial circles close to fascism, which also favoured privatisation in other areas. During the same period, for example, telephone lines had been privatised. These measures were thought to stimulate the free initiative of entrepreneurs in certain important financial and production sectors.

However, the insurance monopoly directly affected the interests of financial capital, both of banks and of industrial companies. The insurance business was not a dry field or an economic activity without importance; on the contrary, it had acquired a significant function in the credit field, where it directly financed production and businesses. This combination of interests also explained the fury, before and during the parliamentary debate, of some newspapers, behind which the interests of powerful northern industrialists were hidden.

Therefore, the will of the government to support the two Trieste companies, which represented many important national and international financial centres, was fundamental.

The 1923 reform was therefore a measure of political significance both in relation to the territories annexed to the homeland and to highlight the mutual trust between the government and economic-financial circles. Furthermore, many industrialists and financiers had supported the fascist conquest for power, which had now 'paid its bill' (Manghetti, 1982, p. 69).

The public institution was intended to coexist with the private components of the economy; the state moved away from it, assuming the supervision of the entire sector (Jorio, 1980, pp. 111-112).

7 Conclusions

It can be observed that free competition was never truly suppressed given the mixed regime that characterised the monopoly during the transitional decade. Therefore, the absolute monopoly of the state in the life insurance branch ceased before it even began to operate.

The decade of monopoly was crossed by deep economic crises which entirely covered the period of the First World War. Therefore, it is impossible to objectively evaluate the real potential of the INA. The decade also marked the transition from one historical moment to another, emphasised by a political turning point that gradually disrupted Italian society: from the liberal age it reached the years of fascism, with significant transformations also in financial policy.

Life insurance reached a period of maturity in Italy during these years, through increasingly strong recognition also from the legislative point of view. State intervention in the insurance sector, although partially implemented, nevertheless marks a particularly significant episode if considered as one of the first examples of that nationalisation process that affected the Italian economy for many decades of the twentieth century. It does not represent the application of an abstract ideology but a concrete example of a completely different approach to conceiving the forms of organisation, work and management of financial activities in a simplified and modern model. The characteristics – organisational, managerial and financial – with which the INA was created reflected the choice of efficiency and ductility adopted by Beneduce, Nitti and their entourage, for all those financial bodies that had been created since the First World War. In this sense, the INA, in addition to being one of the first institutions to allow the extension of state intervention, was also a prototype for subsequent financial entities (Melis, 1985, p. 167).

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