

U.S. Won't Pay I.T.T. for Chilean Loss

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WASHINGTON, April 9—The Government corporation that insures American businesses against losses from expropriation of their overseas plants today turned down a \$92.5-million claim filed by the International Telephone and Telegraph Corporation. The I.T.T., whose telephone company in Chile was nationalized in 1971, immediately announced that it would take its claim to arbitration, which is provided for under the insurance contract.

Bradford Mills, president of the Overseas Private Investment Corporation, which rejected the company's claim, gave several reasons. He made no explicit reference, however, to allegations that the company attempted to bring about the defeat of Dr. Salvador Allende Gossens, a Marxist, in Chile's presidential elections in 1970. Dr. Allende was elected, and his Government nationalized some businesses owned by I.T.T. and other American companies.

Officials of the insurance company refused to expand on the obscure language of their formal announcement of the rejection of the company's claim, giving as their reason the fact that the case is to go to arbitration.

Threat to Properties

Meanwhile, the Foreign Minister of Chile said here today that the companies that I.T.T. still owns in Chile are "in a rather precarious situation" because of its activities.

According to internal company documents and testimony before a Senate Foreign Relations subcommittee, I.T.T. attempted to persuade the White House, the State Department and the Central Intelligence Agency to take steps to block Dr. Allende's election and offered a fund of at least \$1-million.

Foreign Minister Clodomiro



United Press International

Clodomiro Almeyda, the Chilean Foreign Minister.

Almeyda, at a news conference at the Chilean Embassy, said that the attempt to involve the United States Government "gives this episode an unheard-of seriousness and gravity."

He did not actually say that the Allende Government was considering nationalization of the remaining I.T.T. properties in Chile, which include two Sheraton hotels in Santiago, a company that makes communications equipment and a communications company linking Chile with other nations. But he indicated that public opinion in Chile might force the Government to take them over.

"The natural reaction of our people must be one of deep condemnation," he said. "There is no political party in Chile that has not issued a judgment of condemnation."

I.T.T., in a statement by its vice president and group executive for Latin America, John W. Guilfoyle, said that the rejection of its insurance claim "appears to be based on

grounds which we believe the Overseas Private Investment Corporation will not be able to sustain."

The statement noted that the company had paid "close to \$6-million" in premiums for its coverage by the corporation, which is financed partly by premiums and partly by funds from the United States Treasury.

Six of the 11 directors of the insurance corporation are from private industry and the rest from government. Eight of the directors, including all but one of the directors from private industry, were at the meeting today at which the I.T.T. claim was rejected unanimously.

The corporation's announcement said that the company had not disclosed material information and had failed "to preserve administrative remedies" by which proper payment for its interests in the Chilean telephone company, Chitelco, might have been achieved. It also accused the company of "failing to protect O.P.I.C.'s interests."

The corporation's "interests" would come into play if it paid off a company whose overseas holdings had been expropriated and afterwards was able to negotiate with the foreign government for payment of all or part of the value of the expropriated property in such a case, the payment by the foreign government would go to the corporation.

The corporation thus appeared to be accusing I.T.T. of taking steps that precluded, or made more difficult, successful negotiations by the insurance corporation with the government of Chile.

Officials went out of their way to note, however, that they had not accused the company of provoking the nationalization of Chitelco. Such a finding would have constituted grounds for denying the insurance claim.