

# QUARTERLY REPORT

**May 2003**

**International Commission on Holocaust Era Insurance Claims**

*Archieff Philip Staal*

---

## Introduction to the Inaugural ICHEIC Quarterly Report

---

Welcome to the first edition of the ICHEIC Quarterly Report. We are introducing this newsletter with the objective of sharing in some detail issues on which ICHEIC has been focused over the previous quarter, and issues we anticipate addressing in the coming months. We look forward to receiving your comments, questions, and suggestions on topics you would like us to cover in future quarterlies.

---

## Claims Report

---

The goal of ICHEIC is to resolve unpaid Holocaust era insurance claims by establishing a claims and valuation process with relaxed standards of proof to identify, settle, and pay individual claims at no cost to the claimants.

As of April 18th, 2003, ICHEIC has received 59,117 claims for processing. An additional 30,879 inquiries that do not relate to insurance within the ICHEIC "mission statement" have been directed to other Holocaust restitution organizations. ICHEIC member (MOU) companies have made approximately 2,370 offers with an estimated value of \$30.794 million. MOU companies have reported 636 additional offers for \$7.4 million, at ICHEIC valuation standards, on claims made directly to them. Thus, to date, in total approximately 3,006 offers have been made, for an estimated value of \$38.2 million.

---

## Claims Deadline Extension

---

The deadline for filing claims has been extended to September 30th, 2003. This date allows for the April 30th, 2003 publication of a list of likely German policyholders, and adequate time thereafter for potential claimants to file new claims as a result of reviewing the list. This extension will apply to all claims and will not be limited to claims specifically linked to new names published on our web site ([www.icheic.org](http://www.icheic.org)). The development of the list is described more fully in the Matching section of this quarterly report.

---

## Monitoring Group Recommendations

---

ICHEIC has been working steadily to implement key recommendations from the Monitoring Group's (MG) report of spring/summer 2002. Among the important issues to arise from the Monitoring Group's effort was the question of whether ICHEIC should play a role in reviewing claims decisions. In light of the strong recommendations of Lord Archer, the chairman of the Monitoring Group, and upon reviewing the results of the January claims review, ICHEIC Chairman Lawrence Eagleburger decided that ICHEIC staff should continuously review decisions made by MOU companies and the Generali Trust Fund (GTF). The ICHEIC review will in no way slow such decisions reaching claimants. MOU companies and the GTF will send copies of decisions and supporting documents to ICHEIC as such decisions and documents are sent to the claimants. Following necessary action, ICHEIC will pass the decisions to Capita London Market Services (CLMS), formerly Eastgate, the ICHEIC claims processing center. When the ICHEIC staff reaches a conclusion different from that of a company or the GTF,

ICHEIC will raise the queries with the company/GTF promptly, and work with the company/GTF to resolve the differences. Through an ongoing review role, ICHEIC will minimize both time and expense of resolving cases that might otherwise go to appeal.

ICHEIC is working to implement other MG recommendations, including improving our statistical claims reporting. ICHEIC is developing a new reporting format that should respond to requests from the regulators and others on greater clarity in overall ICHEIC statistics. Our new format should reflect offers made and offers accepted, ICHEIC-wide, by company, and by country, with a state-by-state breakdown readily available.

ICHEIC will continue to detail actions taken to implement Monitoring Group recommendations in future issues of this report.

---

### Claims Review in London, January 2003

---

At the direction of Chairman Eagleburger, a transatlantic ICHEIC team reviewed more than 2,200 claims in London during the third week in January. This review covered a significant bulk of the universe of offers and well-documented denials to date.

The review was spurred by the distribution of final ICHEIC Valuation Guidelines and Annex D of the German Agreement Valuation Guidelines in November and suggested by the Monitoring Group report. Because the new Guidelines were issued after a large number of offers and denials were made, Chairman Eagleburger determined that the Valuation Guidelines should apply retroactively to all offers and denials made before November 2002, in the interests of equity. In addition to flagging those offers and/or denials affected by the revised ICHEIC Guidelines and/or the new Agreement concerning Holocaust Era Insurance Claims entered into by the Foundation "Remembrance, Responsibility, and Future," ICHEIC and the German Insurance Association, the January claims review was intended to train ICHEIC staff members to review claims decisions and to identify areas where improvements in claims processing by ICHEIC and by companies and the GTF are warranted.

In the course of the review, each team tracked the types of issues they discovered. ICHEIC analyzed these results and identified a range of issues to bring to the attention of the MOU companies. ICHEIC met on site with Generali, the GTF, Allianz and RAS, those entities with the largest number of decisions covered by the review, in late February to discuss how to improve processing overall, including ICHEIC's own internal procedures, and how best to make past decisions consistent with current Valuation Guidelines. ICHEIC addressed these issues in correspondence with AXA, Winterthur and Zurich.

All MOU companies, and the GTF, have agreed to "top up" payments to reconcile them with current Valuation Guidelines. RAS, Allianz, AXA, Aachener-Muenchener and Zurich have already started to issue top-up payments. Generali and the GTF are working to complete their reviews of flagged decisions, without hindering the processing of new claims and the distribution of new offers.

---

**CLMS Issues/Improvements - User Group**

---

The claims review highlighted a number of challenges ICHEIC faces in claims processing. Building on the finding of the Monitoring Group and the claims processing team, ICHEIC is working to address these problems.

The process of reviewing all offers and denials, the new reporting arrangements with the GTF and the arrangements for pre-funding German companies (MOU and non-MOU), mean that ICHEIC ensures that an accurate and comprehensive system is in place to record and report on all offers and denials made by companies.

---

**Timeline for Top-Up Payments and Other Improvements**

---

ICHEIC anticipates that companies will complete the issuance of top-up payments, arising from the change in the Valuation Guidelines, in the coming weeks. Companies will work concurrently to adjust prior offers and pay out those previously denied claims that merit review, based on revised guidelines, apace the process of issuing new offers.

Some companies have already completed their review of cases affected by the new valuation guidelines. ICHEIC has information on 235 claims, which have been offered top up payments to an incremental value of \$757,045. On twelve additional claims, the claimant has not yet accepted the original offer. In these cases the total amount of the offers will be \$46,000.

---

**Forthcoming Claims Processing Manual**

---

ICHEIC is currently working to produce a claims processing manual that will serve as a tool to help claims resolution professionals and ICHEIC claimants better understand ICHEIC rules and guidelines. Given the history of ICHEIC and the evolution of its Guidelines, ICHEIC has been approached on a number of occasions to produce a single document that summarizes the ICHEIC claims process. ICHEIC hopes that the forthcoming manual will meet this goal.

---

**Audits**

---

ICHEIC member companies are audited for their compliance with the ICHEIC's five Standards established in 1999 *inter alia* to ensure the expeditious processing of all inquiries received (i.e. claims driven process) in a just and cost-effective manner in accordance with the claims handling guidelines issued by the Commission. The Standards cover: (1) identification of relevant companies; (2) identification of relevant archives; (3) identification and securing of relevant records; (4) databasing of relevant records; and (5) investigation of incoming claims. In addition to the Standards, the insurers are required to comply with several Decision Memoranda issued by the ICHEIC Chairman, addressing details such as relaxed standards of proof and methods of valuing claims.

The audit process is carried out in two stages by internationally established accounting firms. Stage 1 examines the companies' systems and procedures set up to comply with ICHEIC's five

Standards. Stage 2 examines each company’s handling of claims using the systems and procedures covered in Stage 1 and largely embodied in Standard 5.

Under the October 16th, 2002, Agreement between the German Foundation “Remembrance, Responsibility and the Future”, the German Insurance Association and ICHEIC, ICHEIC became the custodian of funds provided by the Foundation to meet insurance and humanitarian claims. Under this Agreement, new compliance standards were established for German insurance companies. These standards superseded certain of the original ICHEIC standards and Chairman’s Decisions. There were many similarities between the approaches, however, and German ICHEIC member companies remain subject to the original five ICHEIC Standards.

The Foundation Agreement also established a broad framework for the Stage 2 audit of all ICHEIC member companies, for the engagement of audit firms.

Companies which have been declared compliant at Stage 1 are: AXA France, AXA Germany, Zurich, and Allianz-RAS for eastern European and Italian policies. Those close to being declared compliant are Generali for east European branches, Allianz Leben, Vereinte and Winterthur. ICHEIC has little information regarding compliance progress regarding other companies such as Generali France,; still others, such as AGF -- Allianz’s French subsidiary -- are more than 18 months behind schedule.

Stage 2 audits have not yet begun for any company, but ICHEIC expects audit management firms to be engaged in May. Audits of German companies that are ICHEIC members will be carried out by ICHEIC’s auditors, while non-members will be audited on a selective basis by the German regulators with observers provided by ICHEIC.

---

**Status of Negotiations/Implementation of Agreements**

---

**German Foundation/GDV:** Following is a summary of reimbursement for claims paid prior to the signing of the German Foundation Agreement on October 16<sup>th</sup>, 2002 and top-ups reimbursed since that time.

	Claims Reimbursed		Top-Ups Reimbursed	
	(Thousands) €	(Thousands) \$	(Thousands) €	(Thousands) \$
<b>AXA</b>	69	12	-	123
<b>Allianz</b>	291	-	-	-
<b>Generali</b>	8	-	20	-
<b>RAS</b>	3,492	-	-	-
<b>Total</b>	<b>3,860</b>	<b>12</b>	<b>20</b>	<b>123</b>

Note: The total amount of payments made to claimants is larger than this chart reflects. Certain German companies have made additional offers that have not yet been reimbursed by ICHEIC. Those payments are not reflected in the above figures.

---

**Lists and Matching**

---

ICHEIC published a list of more than 360,000 policyholders on its Web site on April 30th, 2003. The list was the result of a two-step process:

First, all electronic data on German policyholders was compiled and made available to the entire insurance industry of Germany. Over 8 million names were collected – a testament to the goodwill and dedication by all parties to the Agreement.

Second, a group of archivists and historians collectively researched various archives in Germany, Israel, the United States and other locations to obtain all available data to create a list of the pre-war German Jewish population, based on names extracted from a national census of 1939 and supplemented with names from Memorial Books, emigration and deportation lists and other registers of German Holocaust victims. Altogether, over 2.5 million data entries were collected in an attempt to reconstruct what had been unavailable for decades. The list of 2.5 million entries will be processed and edited over the coming months to eventually create what may be the most complete list of German Jews ever assembled. Officials from the German Federal Archives, along with many other individuals, played a key role in bringing this project to fruition. Once completed, the list of Jewish residents of Germany will be made available to Yad Vashem, The Claims Conference, the Jewish Museum in Berlin and the US Holocaust Memorial Museum and will stand as a lasting memorial to the victims of Nazi oppression.

These two lists of information (the approximately 8 million names of policyholders in Germany and the list of 2.5 million data entries of Jewish residents of Germany) were matched to determine who among the Jewish community may have had an insurance policy. In total, 363,232 names were included on the published list.

---

**Belgium**

---

ICHEIC has reached agreement with the Commission established by the Government of Belgium for handling Holocaust restitution issues (the Buysse Commission). This will enable all ICHEIC claims that name a Belgian company, including MOU companies, (83) and any unnamed claims stating Belgium as the country of issue (231) to be examined by the Commission and, if valid, paid by the Buysse Commission. (Details of the draft agreement and a memo from the Chairman seeking formal ICHEIC approval will be distributed shortly.)

---

**Austrian Settlement**

---

ICHEIC has been negotiating with the General Settlement Fund (established under Austrian law for handling Holocaust-related claims) for an agreement which would allow ICHEIC claims to be settled on similar lines. The filing period for the GSF ends in May 2003, but the latest draft of the agreement (inserted at the GSF's suggestion) provides for transfer of ICHEIC claims up to six months after this date. There are currently 1,806 ICHEIC named claims on non-MOU Austrian companies and 2,223 unnamed claims listing Austria as the country of issue.

---

**Drai Commission**

---

Similar negotiations are in hand with the Drai Commission (set up by the French government to deal with all claims on “spoliated” assets of Holocaust victims).

The proposal calls for claims to be sent to the Drai Commission via designated Jewish organizations. The Commission, working with these organizations would then match the claims with lists of unpaid policies or payments into blocked accounts. The claims would also be checked by non-MOU French companies. When a non-MOU company makes a match, and a claim is found to be valid, those companies would pay – MOU-companies’ payments would be covered already. There are 36 named non-MOU French claims and 461 unnamed claims on France.

---

**AXA, Winterthur, Zurich (AWZ) Agreement**

---

In two long days of a final negotiating session in April, representatives of the three companies, and those from the Jewish groups and the State of Israel, completed work on the terms of the AWZ agreement, and initialed the final working draft, which will shortly be circulated to the full ICHEIC for approval.

The AWZ Agreement adds \$25 million (of which \$7.5 million comes from the Bermuda Trust Fund) to ICHEIC’s funds for claims processing and humanitarian purposes. The agreement also addresses matching and lists processes that will result in the publication and/or identification of the most significant possible number of policyholders. Paralleling in most respects the agreement between ICHEIC and Generali, and in some respects the German Foundation, “Remembrance, Responsibility, and the Future” Agreement, the AWZ Agreement offers closure to ICHEIC’s internal negotiations with the MOU companies, allowing all involved to turn full time and attention to the ICHEIC central mission: the process of ensuring that legitimate claims are paid.

---

**Appeals**

---

All claimants who name a member company, or whose claims have been “matched” by a member company, are entitled to an appeal. All claimants that have named a German company, whether a member company or otherwise, are entitled to appeal.

Appeals are independently and impartially determined by either the ICHEIC Appeals Tribunal or the Appeals panel established under the October 16th, 2002 Agreement.

To date, the Appeals Office has received 68 Appeals Submission Agreements in relation to ICHEIC Appeals Tribunal appeals. The status of the 68 Appeals is as follows:

- 50 appeals are closed and Arbitrators have issued 43 Awards.
- 29 Awards have dismissed the appeal
- 14 Awards have found in favor of the Appellant.
- 7 appeals had been settled before appointment of an Arbitrator.

Of the 29 decisions rendered in favor of the Member Company, 22 have been based on the failure of the Appellant to meet the Standards of Proof and seven have been based on the Member Company proving its defense that the policy or policies were paid, compensated or restituted earlier. The aggregate value in relation to the decisions rendered in favor of Appellants to date is \$180,761.66. The value of the seven appeals settled without an Arbitrator's decision is \$25,271.82.

The Appeals Office has received nine Appeal Forms in relation to appeals to the Appeals Panel, which are pending.

---

### **Humanitarian Report**

---

From the moment the settlement from the German Foundation was received, all ICHEIC constituents have been anxious to get the humanitarian funds to work as quickly as possible. ICHEIC does not yet know the final amount of funds that will become available for humanitarian purposes, but ICHEIC was able to make a reasonable estimate of the funds that could be earmarked today for such purposes. More funds may become available as the claims process is completed.

A group of ICHEIC constituents was convened in November and again in January to discuss alternative uses for the funds, based on suggestions submitted by ICHEIC members. Consensus was reached on funding social welfare programs to aid Nazi victims, focusing on home health care.

As a result, ICHEIC committed \$132 million of social welfare aid to Nazi victims worldwide, to be funded over a ten year period. ICHEIC has contracted with the Claims Conference for the distribution of the funds through its existing global network of agencies. ICHEIC is pleased to have started putting these funds to work for the assistance of needy victims of Nazi persecution.

Among other projects, ICHEIC continues to investigate the possibilities for an ICHEIC Service Corps, which was well received by all ICHEIC constituents at the November and January meetings. ICHEIC will soon send additional information on its preliminary recommendations on this program to the full ICHEIC.

---

### **Un-named Company Claims Process – Humanitarian Payments**

---

ICHEIC has established a humanitarian claims process by which victims of the Holocaust and their heirs will have the opportunity to receive humanitarian payments on insurance policies from the Holocaust Era that cannot be resolved by any particular insurance company. Chairman Eagleburger also recently announced that the Conference on Jewish Material Claims Against Germany (Claims Conference) has been awarded the ICHEIC contract for handling all claims that fall under this process.

In the package of information ICHEIC provides to individuals who believe they may have a possible claim, it is noted that "If investigations fail to produce any further evidence of an insurance policy with a particular company, you may, subject to the information you provided, be eligible for a payment from a specific fund established by the Commission."



The process for awarding payments under this fund will be supervised by an individual to be appointed shortly by Chairman Eagleburger. The daily operational work will be carried out by the Claims Conference under this individual's direction..

---

### **Financial Report**

---

The 2003 and 2004 years of the lifetime budget were reviewed by the Financial Administration and Advisory Committee (FAAC) at their December 2002 meeting. Based on certain changes recommended by management, the FAAC approved a slightly modified budget for the remainder of ICHEIC's lifetime. In the aggregate, there was a net increase of under \$200,000.00, or less than 1% of the remaining (2003-2004) budget.

The financial results for 2002, including comparison to budget, will be reviewed by the FAAC at their May 13th meeting and these results will be reported to ICHEIC in the next quarterly report.