

EXHIBIT 1

**Testimony of Alex Moskovic
House of Representatives
Committee on Foreign Affairs
Subcommittee on Europe
October 3, 2007**

Good Afternoon. My name is Alex Moskovic. At the age of 14, I was the only one of 41 family members to survive the Auschwitz-Birkenau and Buchenwald extermination and concentration camps. I came to this country in 1947 and after my retirement, I moved to Florida and volunteered to work on the Advisory Committee of the Ruth Rales Jewish Family Services in Boca Raton FL. The growing problems facing survivors as they age, the lack of resources to assist them, and the overall frustration faced by all survivors, including me, who attempted to recover their family assets such as insurance policies, led me to become active with local survivor groups and the national Holocaust Survivors Foundation USA.

I am here to speak, as a Holocaust survivor, about the failure of what is often called the quest for "a measure of justice" for survivors. All agree that no amount of money can ever compensate us for the crimes of the Holocaust. But the processes employed over the last decade have mostly failed. We have been denied access to the truth about our families and their lives. In allowing unauthorized negotiators to enter compromises over Swiss bank thefts, insurance thefts, and property restitution, the notion that "perfect justice is impossible" has served as a cover for secrecy, and for allowing governments and global financial institutions to benefit from the theft of tens of billions of dollars in the Holocaust. We are asking Congress to help. You are our last chance for a dignified outcome that respects survivors' rights and interests.

I only have time for a few specific remarks here, but I ask that you read my entire submission and the attachments which I request be included in the official record. Some of these materials are older as you can see, and were based on the best data available. More recent data, which I have also included, show that over 80,000 Holocaust survivors in the United States either live below the poverty level, or have incomes so low that they are considered poor. Tens of thousands cannot afford a decent quality of life. All of our volunteer activities cannot provide the medicines, home care, dentistry, rent, food, and other basic needs of these survivors. You must ask all participants in the hearing about these problems. You are our last hope.

My father had a business in our hometown of Sobrance, Czechoslovakia. This was an area where Generali, a Jewish company at the time, was a major force in the insurance market. The International Commission for Holocaust Era Insurance Claims, the ICHEIC, was formed in 1998. I applied and gave all the information I had, which wasn't much for a boy who survived at age 14 with no living relatives. Several months later, my name and the names of several family members appeared on the ICHEIC website, indicating that policies had been sold to us before WWII. Yet I never received any specific response from ICHEIC. ICHEIC denied my claims without providing any information whatsoever. I had no choice but to accept their decision. The fact that 97% of the Jewish families' insurance money wasn't repaid does not surprise me because most survivors who entered ICHEIC believe it was a fiasco. We need Congress to pass HR 1746 to correct this injustice.

Survivors are angry and hurt that so many billions remain held by the corporate plunderers of the Holocaust. Not only is this concealment wrong morally, it is unacceptable when you consider the amount of poverty and need among survivors today. This might surprise you if you read statements by Claims Conference President Israel Singer, that \$20 billion was recovered for Holocaust survivors in the last decade. If this is true, we are all wondering what happened to that money. I will give you one example because of time, but it is similar to thousands of similar cases all over the U.S. and the world.

Mr. and Mrs. L. (86 and 79 years old), Survivors of Poland, now live in a small condo at Century Village in Boca Raton FL. Mr. L. is a stroke victim now suffering from dementia and cannot be left alone. Mrs. L. was Mr. L.'s caretaker, however a while ago Mrs. L. had an emergency and was hospitalized and received coronary by-pass surgery, valve replacement and repair of a hole in the heart. Her recovery had complications and she needed to be in extensive re-hab. Though a relative helped with Mr. L. at first, she could not afford to miss more work. The Social Services provided some stop-gap assistance, but due to their experiences as survivors, and the problems of age, the separation was traumatic for both Mr. L. and Mrs. L. and it was clear they needed to be together. But the JFS lacked the funds to allow Mr. L. to join his wife in the re-hab center. Survivors can only receive approximately 8 hours from the Claims Conference and the community for home care or situations such as this.

I see these kinds of tragic problems all the time. It is happening more often as the survivor population is aging and it becomes almost impossible for them to

take care of one another. On the Advisory Committee, we are forced to turn down requests for medications and devices such as dentures all the time because there is not enough funds. Today, Mr. and Mrs. L, and many thousands of survivors, are simply not be able to receive assistance they require for a decent level of health care and human dignity.

At the Ruth Rales JFS, the clients in the past few years have doubled because of aging and but the allocation of funds have remained the same. How can we live with such a deplorable situation?

So we don't know where the \$20 billion has gone, but we know not enough is being used to care for survivors in need. The major source of money for these programs is the funds recovered from German properties, claimed and managed by the Claims Conference. But the Conference has never published an accounting of what it did with all these properties, so no one really knows how much it has available to spend. Ernst and Young recently wrote that the group's disclosures were not proper. We are all waiting for the full story.

In addition, the Conference spends 20% of its annual discretionary budget for projects unrelated to survivors needs, like education and research. Over half of these grants go to board members or the Claims Conference, or their affiliates, raising moral if not legal questions. We survivors believe that money recovered that belonged to our families should either go to the actual heirs, or to benefit living survivors who are in need today.

We are the ones who lost everything, our beloved parents, brothers, and sisters, as well as everything we owned. Why should others decide what happens to

our families property like ICHEIC did? Who is the Claims Conference or anyone else to tell us that the memories of our murdered loved ones should be honored with various programs while living survivors are suffering and money is being hoarded and hidden? Survivors do not understand why public officials and other organizations that have supported the status quo do not give us the respect of allowing us to make these decisions for ourselves, and why they tolerate this kind of injustice.

I would like to add that there is no reason the German Government itself should be on the sidelines in this discussion. Germany remains responsible for the catastrophe that befell us, and should not be allowed to sit by as an observer while any Holocaust survivor today lacks the care, food, and shelter they need. Shouldn't survivors receive at least as much as retired SS officers?

The years left are but few to be required to be concerned with the survivors needs in the world. Time is running out, the hour glass is emptying, and if not Here, Where? And if not Now... When?

Thank You.

EXHIBIT 2

TESTIMONY OF JACK RUBIN
HOUSE OF REPRESENTATIVES
COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE FOR EUROPE
OCTOBER 3, 2007

My name is Jack Rubin, and I live in Boynton Beach, Florida. I want to thank Chairman Wexler, my Congressman, for holding this important hearing and for inviting Holocaust survivors to speak for ourselves about these issues of great concern. I am here to urge you in the most urgent terms possible to pass HR 1746, the Holocaust Insurance Accountability Act of 2007.

I was born in 1928 in Vari, Czechoslovakia, which was annexed by Hungary in 1938. We lived in a building where my father's general store was also located. There was a sign that said the building and premises were insured by "Generali Moldavia." I am certain that my father, who was a careful business man, had all kinds of insurance, including life insurance, because he spoke about it often. From these conversations, I even remember the name of the agent, Mr. Joseph Schwartz.

Like all Jews in our town, we were forced out of our home in April of 1944 with only the clothes on our back and one suitcase each, and taken to the Beregsatz Ghetto. There the Nazis forced everyone to turn over their

jewelry, watches, wedding rings, and hand over everything of value. We were then deported to Auschwitz, where my parents perished. I survived Auschwitz and three other camps. Needless to say, after the Holocaust, I had no way to find any papers such as insurance policies.

After ICHEIC was created, I applied because of the publicity encouraging applications. They promised to open company records and apply "relaxed standards of proof." I filed two claims, naming my father Ferencz Rubin and my mother Rosa Rosenbaum-Rubin, and their birth years. I mentioned the sign on our building for "Generali Moldavia," and the fact that the agent Mr. Schwartz was our agent, who also died in the Holocaust. This was all the information I had, but considering the circumstances it was certainly enough to show we had insurance.

Four years later I received a letter from Generali stating that they had no records from their subsidiaries and no records of policies in the family. This is absurd, because I know we had insurance. Yet Generali did not produce one piece of paper to justify its decision, and the ICHEIC Arbitrator did not require the company to produce any proof. He did not force them to produce records from Generali Moldavia, a known subsidiary, and he did not require them to produce information about Mr. Schwartz, the agent from our town. He just accepted Generali's word.

Survivors are appalled by the treatment we have received from ICHEIC and other institutions. ICHEIC was controlled by the insurance companies and conducted in secret. Once again, we survivors were denied access to the truth. Stealing our money is bad enough, but concealing the truth from Holocaust survivors is a terrible thing. If our society today has any decency, it would require the companies to open their records and be fully accountable for their thefts of our families' legacies. After all, isn't this why people buy insurance? The companies betrayed us and to date, the U.S. justice system has blocked our access to the truth. I am here today to ask you to fix this by passing HR 1746, because it will require the companies to open their records, and allow survivors and heirs to go to court for the truth.

I would also be able to tell you about horror stories facing elderly, poor survivors today in my community, and throughout the United States. And the funds are not getting to those who were looted and those who need the help. The ICHEIC money we talked about. Also, in the Swiss bank case, Judge Korman allocated 75% of the Looted Assets funds to the Former Soviet Union, with only 4% for the needs of survivors in the United States, is an insult to those of us who went through the Holocaust, denying assistance to Americans just because he believes the rich here should take

care of the survivors here. This is the survivors' money, but the poor here do not have a fair chance to benefit from the settlement.

Also, the Claims Conference is sitting on hundreds of millions of dollars. Survivors do not believe there has been an adequate accounting of the property obtained from Germany and the uses of those funds. We deserve a full accounting, because survivors are suffering.

Finally, let's not forget that Germany bears primary responsibility for the rights and needs of Holocaust survivors. We call upon Congress to raise with the Administration and the German Government the fact that thousands of survivors today are not living with the dignity to which they are entitled. SS officers receive more from Germany in pensions than Holocaust survivors. We need immediate solutions, no matter what the source.

I hope you will do a complete audit of where the survivors' money has gone, because we know it isn't coming to those who were looted, or those in need.

There is a common theme in the restitution area. There has been secrecy, and the deals have been made by people we did not appoint or approve. We have been denied the truth, and that is outrageous. We survivors, who are the most affected, were not allowed to participate and the results are terrible. They are totally inadequate. We need Congress to

expose these deals and demand, as a matter of morality, a just outcome. The time for talk is over.

I have submitted a few news articles on these subjects, which I hope you will allow for the record.

Thank you very much.

EXHIBIT 3

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE: ASSICURAZIONI GENERALI)	
S.p.A HOLOCAUST INSURANCE)	MDL 1374 (GBD)
LITIGATION)	
	)	M21-89
)	
This Document Applies to:)	
)	
CORNELL v. ASSICURAZIONI GENERALI, S.p.A.	)	97 Civ. 2262 (GBD)
)	
SCHENKER v. ASSICURAZIONI GENERALI, S.p.A	)	98 Civ. 9186 (GBD)
)	
SMETANA v. ASSICURAZIONI GENERALI, S.p.A.	)	00 Civ. 9413 (GBD)
)	

DECLARATION OF SIDNEY J. ZABLUDOFF

1. My name is Sidney J. Zabludoff. From 1998 until June 2004, I served as a consultant to the Conference on Jewish Material Claims Against Germany (“Claims Conference”) in connection with the International Commission for Holocaust Era Insurance Claims (ICHEIC). As a professional economist and based on my in-depth analysis of the assets of European Jews before the Holocaust, I undertook extensive research and analysis of the European insurance markets during the 1930s and the valuation of Jewish owned insurance policies. I was also deeply involved in the analysis of ICHEIC’s procedures and in assessing their effectiveness.

2. On October 3, 2007, I testified, at the request of Chairman Robert Wexler, before the United States House of Representatives Foreign Affairs Committee Europe Subcommittee, on the subject of the European insurance market in the Holocaust era, the extent to which policies sold to Jews before the Holocaust have been repaid, and the

performance and results of the ICHEIC. My written testimony is attached as an exhibit to this Declaration, and the session itself can be viewed on the internet at http://foreignaffairs.house.gov/sub_europe.asp.

3. In my ICHEIC work, I had access to all internal operating information utilized by the ICHEIC staff and members, including data on the publication of policy holder names, the processing of claims by member companies (and claims made with no company reference), the compliance with ICHEIC rules (including the Chairman's rulings on disputed issues), and the payment record of the companies (offers and acceptances), and other pertinent information to the ability of Holocaust survivors and heirs to obtain information about family policies, and to obtain payment for valid or otherwise documented claims. Over the years, I frequently voiced my concerns to the staff and principals as to the many problems and issues that ICHEIC had in fulfilling its charter and handling claims, including the failure to abide by ICHEIC rules. I made myriad suggestions for improvement. In June of 2004, I determined that the ICHEIC principals were not willing to implement improvements to improve the process, and I resigned.

4. I prepared a detailed memorandum containing my analysis of ICHEIC's process and reasons it was failing to provide an adequate forum for Holocaust survivors and their families to recover insurance policies. This memorandum was published in the Spring 2004 *Jewish Political Studies Review*, and filed as an exhibit to my Congressional Testimony on October 3, 2007. The 2004 article and the data representing the estimates of the Jewish insurance market and the number and values of policies sold and repaid are

attached hereto for the Court's convenience.¹

5. As I testified in Congress, I estimate the unpaid value as of 1997 of insurance policies sold to Jews in Europe in force at the beginning of World War II to be \$17 billion in 2006 value. This estimate is derived from a base total estimate of nearly \$600 million for an estimated 875,000 Jewish life insurance policies in force in 1938 in Europe. I subtracted the amount of policies repaid from the end of WWII to the start of ICHEIC in 1998 (some 70% for most west European countries and 10 percent for east European countries) and brought the remainder up to date by first moving the value of all policies in European currencies into dollars and then using the annual 30 year U.S. bond yield to determine the 2006 dollar value.

6. I consider the \$17 billion estimate to be extremely conservative because insurers such as Generali, Allianz, Munich Re, Swiss Re, Swiss Life, AXA, Winterthur, etc. undoubtedly earned higher returns on their money than the U.S. bond rate, as they invested in much higher-yielding assets such as real estate and stocks, as well as bonds.²

7. Based on the final report (Legacy Report, June 18, 2007) issued by ICHEIC, the enterprise paid a total of \$250 million for insurance policies and an additional \$31 million in \$1,000 checks called "humanitarian payments" to 31,000 claimants. In order

¹ I have been informed by Mr. Dubbin that these materials, previously filed in this case in connection with Plaintiff Thomas Weiss's Motion for Reconsideration, were also submitted to this Court as exhibits to the Objections filed by Messrs. Rubin, Moskovic, Mermelstein, Taucher, Lindenbaum, and Mrs. Mermelstein in January 2007.

² In response to my Congressional testimony, former ICHEIC officials have attempted to discredit my \$17 billion estimate by citation to the "Pomeroy Ferras Report" which was produced by an ICHEIC committee. Such criticism is strange because there is nothing in the Pomeroy Ferras Report that contradicts my \$17 billion estimate. The Report agrees in large part with my base calculations of the number and 1938 policy values. It did not make any effort to estimate the pre-Holocaust value using a common currency such as the dollar, or the current value of life insurance policies still owed to Jewish Holocaust victims or their heirs.

to compare apples to apples, I will use the figure \$250 million as the total amount of insurance policy payments made by ICHEIC. Compared to the \$17 billion outstanding for unpaid Jewish policies, the \$250 million paid by ICHEIC represents less than 2% of the total amount of money owed to Jewish Holocaust victims. Even adding in \$31 million for \$1,000 payments and the \$169 million for humanitarian objectives for a total of \$450 million, that amounts to less than 3 percent of the amount owed.

8. I have reviewed the settlement agreement entered into between the class action lawyers and Generali back in August of 2006. In my opinion, the settlement is a set back if the goal is to have a full accounting of the insurance policies sold by Generali to its Jewish customers. The Settlement between Generali and lawyers representing claimants adds virtually nothing to the previous situation, and even erodes previous commitments.

9. The Settlement purports to create a benefit by paying claims above the \$100 million that Generali agreed to disburse via the International Commission on Holocaust Era Claims (ICHEIC). But according to a side letter to the main 2000 ICHEIC-Generali agreement, Generali stated it would pay ICHEIC claims even if they broached \$100 million. Indeed, Generali did so. By mid-July 2006, Generali already had exceeded that level and by the time of the Settlement it paid \$120 million according to statistics published on the ICHEIC website.

10. To make matters worse, payments under the Settlement would be based on a valuation system that is less advantageous to the claimants than even ICHEIC rules. For example, to determine the current value of policies after 1999 the Settlement uses the US consumer price index which is about half that of the increase of US bond yields that

had been adopted by ICHEIC. While Generali will pay the lawyers up to \$3.75 million, each of the four named settlement plaintiffs receives only \$5,000. Moreover, while pledging to cover all forms of insurance, not just life, the Settlement provides no formula for calculating payments for non-life policies. Finally and most regrettable, the Settlement fails to require Generali to make available a list of policyholders from the Holocaust era.

11. Generali clearly is the major beneficiary from the Settlement. Including the amounts paid under the Settlement, Generali will have paid, under the most generous assumptions, about \$150 million to claimants in the past ten years, or only about 7 percent of the sum it owed survivors or their heirs in the mid-1990s. As a result, Generali has gained some \$2 billion (2007 value) from not paying back Holocaust era life insurance policies. This amount would be considerably higher if the unknown value for non-life policies were included.

12. My estimate in paragraph 11 is based on the following analysis. Based on my research in European archives and data about Generali's market share in various European countries, it is likely that Generali had between 10 and 15% of the Jewish European insurance market. The mid-point of this range, 12.5% of the 875,000 life/annuity/endowment policies that companies estimated to have been sold to European Jews that were in force in 1938, yields a fair estimate of Generali's total number of policies of 110,000. The actual number could also be between 87,000 on the low side to 130,500 on the high side of life/annuity/endowment policies sold to Jews before WWII. Under the settlement, it appears that Generali will pay some 5,000 policies, and perhaps as many as 6,000 if the settlement yields a huge number of actual payments. Using the

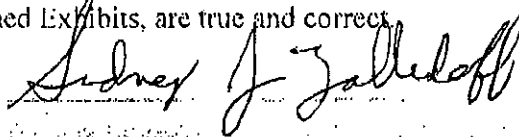
high number of 6,000 policies, if this settlement is approved Generali would have repaid between 4.6 percent and 6.8 percent of its outstanding policies. Using the mid-point of 110,000 policies, Generali will have paid 5.45%.

13. In terms of 2006 value, the amount of money that Generali owes Jewish customers or heirs is between \$ 1.7 billion and 2.55 billion. This uses a liberal estimate that 10% of the policies in eastern Europe, where Generali had most of its Jewish customers, were repaid after the war up to 1997. Reducing this range by the \$150 million which Generali paid since 1997, the amount of money that Generali would retain if this settlement is approved is between \$1.550 billion and \$2.400 billion. Based on value, if this settlement is the end of Generali's obligations, it will have repaid as little as 6 percent of what it owes the owners of its Jewish policies, or at best 10%.

14. It should be stressed that no matter what steps are taken to find claimants, many policies will remain unpaid. Whole families were wiped out by the horrific events of the Holocaust, leaving only distant relatives with little knowledge of the policyholders, especially when dealing with events that occurred more than a half century ago. Recognizing this fact, ICHEIC attempted at one time to calculate the overall value of policies—called the “top down approach.” The companies would then pay the difference between this overall estimate and the amounts actually paid claimants to a fund that would support needy survivors and other causes. This approach, however, was forgotten as ICHEIC proceeded, and only relatively small amounts were provided for such a humanitarian fund, mostly under an accord with Germany. The Generali Settlement failed completely to deal with this issue.

15. I declare subject to the penalties of perjury of the United States that the

foregoing Declaration, and the attached Exhibits, are true and correct.

A handwritten signature in cursive script that reads "Sidney J. Zabudoff". The signature is written in black ink and is positioned above the printed name.

Sidney J. Zabudoff

Dated: December 21, 2007

Sidney Zabludoff
Wednesday, October 3, 2007
House Committee on International Relations,
Subcommittee on Europe and Emerging Threats

Thank you for allowing me to present the facts relating to restitution of Holocaust era assets. My basic conclusion after examining the issue for some 10 years is that extraordinary events require extraordinary resolutions. Clearly, the murder of two-thirds of continental European Jewry and the confiscation of nearly all Jewish assets by the Nazis and their collaborators was such an event. I will look at three aspects of the issue: Progress of overall restitution, ICHEIC's effectiveness and where we can go from here.

Pledges and laws aimed at restoring property seized by the Nazis and their collaborators were made soon after World War II began. Starting with Poland in late 1939, all governments-in-exile from occupied countries nullified the confiscatory actions taken by the Nazi invaders. Throughout the war, the Allies stated in numerous proclamations that a major aim was to ensure the return of property stolen, confiscated or taken under duress. In the post-war era, however, other issues such as the Cold War soon overshadowed and thwarted any such endeavor. By the end of the post-war era only about 15 percent of the value of stolen assets had been returned to their rightful owner or their heirs.

A resurgence of interest in Holocaust restitution occurred in the mid 1990s. Progress was made on a number of fronts but in the end there was more talk and minimal actions. Roughly only an additional 3 percent of stolen assets were returned, bringing the total to less than 20 percent. Altogether, at least some \$120 to \$185 billion in stolen assets at 2007 prices has never been returned.

Of particular interest in the revival of the asset issue was the International Commission of Holocaust-Era Insurance Claims (ICHEIC). Established in 1998, this unique body brought together insurance companies, state regulators and Jewish groups including the State of Israel in an effort to compensate for unpaid Holocaust era insurance claims. The concept was to do so quickly without going through the complexities and duration of legal procedures or government programs. When the claims process was completed this year, however, only about 3 percent of the amount outstanding in life insurance was paid, few, if any, non-life policies were considered; the process took eight years instead of the originally anticipated two; and only a small humanitarian fund was developed even though all parties anticipated that large amounts would never be paid.

The chief reasons for this failure were inept governance and poor management. Governance became akin to secret diplomacy, in which those who ran ICHEIC relied heavily on dealing only with those who favored their views while making promises to others that were never fulfilled or too long delayed. ICHEIC management mainly ignored the numerous studies pinpointing the serious

problem with the claims process. Judge Michael Mukasey succinctly summed up the problem when he described ICHEIC as “in a sense, the company store.”

It is for these reasons, the legislation introduced by Congresswoman Ros-Lehtinen is important. It requires insurers to publicly disclose the names of Holocaust-era policyholders (including non-life) and to be accountable for paying legitimate claims via the courts. It should be noted that for life policies only, insurance companies are benefiting from some \$17 billion in unpaid Holocaust era policies.

Clearly, a missing element remains payments to a humanitarian fund to support needy Holocaust survivors. Those working on ICHEIC and other restitution efforts know at the start that no matter what steps are taken to find claimants, many policies will remain unpaid. This is because whole families were wiped out by the horrific events of the Holocaust, leaving only distant relatives with little knowledge of the policyholders, especially when dealing with events that occurred more than a half century ago. Recognizing this fact, ICHEIC attempted at one time to calculate the overall value of policies—called the “top down approach.” The companies would then pay the difference between this overall estimate and the amounts actually paid claimants to a fund that would support needy survivors and other causes. This approach, however, was forgotten as ICHEIC proceeded, and only relatively small amounts were provided for such a humanitarian fund, mostly under an accord with Germany. Insurance companies failed completely to deal with this issue.

This brings me to my final point—where do we go from here. Besides pressing individual claims, I would suggest an International Remembrance Fund to support needy Holocaust survivors who are in their autumn years. Currently there are approximately 600,000 Holocaust survivors worldwide and actuarial data indicate their number will diminish sharply during the next ten years. A review of the available studies indicates significant differences both in the number of survivors and those lacking adequate income for each country, as well as to what financial support is needed to maintain the survivors’ daily living expenses and health requirements. For example, one study of United States indicates that the income of more than half the survivors falls within the poverty or near poverty bracket; while another undertaken at about the same time indicates about 30 percent. Such differences often reflect definitional issues. It also should be pointed out that the average amount required for a needy survivor will increase because of higher health care expenditures of an aging population. My first very rough approximation is that between \$20 and \$40 billion will be required during the next ten years to sustain needy survivors. But less than \$1 billion is now available from humanitarian funds of ongoing restitution programs.

Clearly, what is urgently required is an in-depth study to determine more precisely the likely financial requirements of needy survivors over the next 10-15 years. This would take into consideration funds they are already receiving

through various governments as well as private assistance. Simultaneously, we must reach a global accord to establish an International Remembrance Fund financed by governments as well as corporations to deal with the plight of needy survivors of Nazi persecution. This will require an innovative financial structure. But again extraordinary measures are essential in dealing with an extraordinary event such as the Holocaust.

ICHEIC
Excellent concept but inept implementation

Summary

The International Commission of Holocaust Era Insurance Claims (ICHEIC) failed to meet its promises to Holocaust victims and their heirs to compensate in speedy fashion policies that remained unpaid for some 60 years. When the claims process has been completed only about 3 percent of the value of unpaid life insurance Holocaust era claims will have been paid, no unpaid non-life policies will have been considered, and the process will have taken some nine years instead of the two or so originally anticipated.

The chief reasons for this failure are inept governance and poor management. Governance became akin to secret diplomacy in which ICHEIC's Chairman and his immediate subordinates relied heavily on dealing only with those who favored their views while making promises to others that were never fulfilled or too long delayed. ICHEIC management mainly ignored the numerous studies pinpointing the serious problems with the claims process.

To make matters worse, insurance companies did not honor their initial pledges, and political pressure on ICHEIC to initiate reforms faded. Most Jewish and US regulators participating in ICHEIC, came to believe that there was no alternative to ICHEIC, having been worn down by the inflexible stance of ICHEIC's leadership. Finally, the US courts' recently dismissed suits against insurance companies and ICHEIC.

Discussion

ICHEIC was founded in August 1998 during a resurgence of interest in restoring assets lost during the Holocaust to survivors or their heirs. ICHEIC brought together insurance companies, US state regulators and Jewish organizations (including the State of Israel) in a non-government organization governed by a Memorandum of Understanding (MOU) signed by all parties. ICHEIC's aim was to quickly reimburse unpaid insurance policies, both life and non-life, from the Holocaust era in a manner devoid of the problems of ongoing restitution efforts such as the cumbersome nature of government agreements, high costs and prolonged class action suits. Later agreements were signed with countries to cover all their policies. This included Austria, Belgium, Germany and the Netherlands.(1)

ICHEIC's governing board consists of 12 commissioners: three Jewish representatives from--American Gathering of Jewish Holocaust Survivors, Centre of Organizations of Holocaust Survivors in Israel, and the State of Israel; three US state insurance regulators--California, Florida, New York; and four insurance companies --Allianz, AXA, Generali, and Zurich; and two European regulators.

The four insurance companies above plus Winterthur are ICHEIC members. Lawrence S. Eagleburger, the former US Secretary of State, was named ICHEIC Chairman.(2)

Estimating unpaid Holocaust era life insurance

One of the first ICHEIC efforts was to estimate the total number and value of unpaid Holocaust era life insurance policies held by Jews. With a few slight differences, the ICHEIC members looking at the issue were able to determine that the Jews of Nazi occupied Europe (excluding the USSR 1938 boundaries) owned more than 800,000 life insurance policies worth nearly \$600 million at face value. Sound historical data exists indicating the total number of policies held by Jews and non-Jews for all countries in Nazi occupied Europe was 56 million and their face value exceeded \$15 billion.(3) The Jewish portion can be reasonably determined by first applying the Jewish percentage of the population.(4) In addition, it is possible to roughly estimate the Jewish propensity to buy more insurance at higher average values than non-Jews, as a result of demographic differences. A much higher percentage of Jews than non-Jews lived in urban areas and were self-employed businessmen or worked in relatively well-paid professions.(5)

A further test indicates that the nearly \$600 million face value of life insurance is a conservative estimate. Immediately before the Holocaust era, this face value (due upon death or maturity) translated into asset value or cash surrender value of about \$150 million. This amounts to some 1 to 1.5 percent of total Jewish assets in Nazi occupied Europe, while the 1938 Nazi survey of Jewish assets in Austria indicates the cash surrender value of life insurance at roughly 2 percent.(6)

Determining the current value of Holocaust era policies was much more contentious. The Jewish side presented what it considered a conservative estimate of nearly \$19 billion (2003 prices). This is derived by first converting the face local currency value of all policies to dollars at the December 31, 1938 exchange rate (an exception is Germany in which the purchasing power parity rate—29.7 US cents=1 RM— is used because the reichsmark was overvalued).(7) Then, the current dollar value of the policies is determined by assuming the pre-Holocaust amount was invested in a very conservative fashion—US government 30-year bonds.(8) The resulting \$19 billion is considered a reasonable benchmark of current value. In reality, this amount is likely larger because the portfolios of the insurance companies normally also contain investments that pay higher returns than US government bonds, such as real estate and stocks.(9)

From this amount has to be subtracted Holocaust era insurance claims already paid. It is generously assumed that ten percent of the policies in eastern Europe were paid directly to policyholders, beneficiaries or heirs between 1945 and

1997. The corresponding percentages for western Europe countries are 70 percent, except 20 percent for Austria and none for the numerous Netherlands burial policies. (In 1938 in the Netherlands with a population of 8.5 million, there were 10.2 million small-valued burial policies—"volksverzekeringen".) In all, this means almost 40 percent of the policies were paid to the correct person through 1997. Without the Netherlands burial policies the paid numbers come close to half.(10)

In value terms, the amount repaid is nearly \$4 billion in 2003 prices with interest. This number, however, is only about 20 percent of the \$19 billion outstanding. The large difference between the value and quantity of policies paid reflects the substantial German underpayments as a consequence of the 1948 monetary reform. At that time, the Allied powers insisted on a monetary change in which 10 reichsmark (RM) were made equivalent to one deutschmark, in order to save the post-war German economy from the vast deluge of RM the Nazi regime had dumped on the market to pay for the war effort. Indeed, without this Allied action, the German economic miracle that followed would not have taken place or would have been much delayed. The problem is that the Jews, who were not responsible for the Nazi war effort, along with many non-Jewish Germans, had to suffer in terms of reduced values of assets for the war-time economic policies of the Nazi regime. The non-Jewish Germans, however, benefited from the economic miracle.

Consequently, by 1997, a benchmark number of Holocaust policies not restored amounted to some 400,000 (plus 150,000 Netherlands burial policies) life insurance policies, with a value (2003) of approximately \$15 billion.

ICHEIC insurance company members did not accept the methodology proposed by the Jewish participants for calculating the current value of unpaid policies for Germany and Eastern Europe. After prolonged negotiations, ICHEIC members came to an agreement that reduced the value of unpaid Jewish life insurance policies to about \$3 billion for 2003. This much lower amount results from two valuation compromises:

--East European nationalization. The insurance companies insisted they had no legal obligation to pay for policies nationalized by the communist governments of eastern Europe, since these governments took over the policies. It was shown, however, that some companies received partial payment for their nationalized assets. In addition, many insurance contracts written in eastern Europe indicated that payments to policyholders were backed by company funds outside the country in which the policy was written. A compromise was worked out in which companies promised to pay claims on a "humanitarian" basis at an amount that is equivalent to about one-third of the reasonable benchmark current value.

--The German monetary reform. The German Government insisted that ICHEIC calculate the current value of policies using the same formula that claimants were

paid in the post-war period—that is, including the effects of the 1948 Monetary Reform. Interest would be paid only from 1969 to the current period. The outcome was minimal payments averaging about \$1,000 per policy. After years of negotiations on this issue, the German Foundation for “Remembrance, Responsibility, and Future” (German Foundation) in October 2002 agreed to pay a minimum of \$3,000 per policy for those who perished during the Holocaust and \$4,000 for those who survived. But even with these improvements, German payments are still only about 15 percent of the reasonable benchmark system of determining current value. As a result, the average payment for German policies is less than half that of the already discounted east European policies.

By mid-September 2004, ICHEIC received nearly 80,000 relevant claims for life insurance containing about 135,000 policies (the average claim contains 1.7 policies). About 4,500 claimants received offers (some 7,600 policies) valued at \$71 million. Perhaps as many as 6,000 claims (10,000 policies) eventually may be paid which will amount to about \$110 million. Another \$15 million was paid to some 15,000 claimants (\$1,000 each) based on hearsay (non-documented) information that a policy had existed. In all, the amount eventually paid could reach \$125 million or about 1 percent of the benchmark amount owed.(11)

The companies and government restitution schemes are also slated to pay roughly \$275 million for social welfare purposes to account for the many unpaid policies in which no claim was filed.(12) It has been known from the beginning that the vast majority of the claims would never be filed because sixty years have gone by and because of the near complete annihilation of many Jewish European communities. But even by including these humanitarian payments along with those paid directly to claimants (about \$400 million), ICHEIC efforts will recoup only about 3 percent of the total value of insurance policies still owed Holocaust victims. Even by ICHEIC’s discounted valuation standards, which produces about \$3 billion (2003 value) in unpaid life policies, less than 15 percent will be paid.(13)

In all, while issues can always be raised with the methodology used to derive the above estimates, it is clear any sound interpretation would still lead to the conclusion that only a small fraction of the outstanding life insurance amount will be paid. Moreover, although ICHEIC’s charter calls for resolving all Holocaust era insurance policies, nothing seriously has been done to investigate, publicize, handle and set rules for the very large numbers of non-life policies. This includes the substantial losses stemming from Kristallnacht during November 1938.

Governance and management

The successful first period

During ICHEIC’s first eighteen months, extensive cooperation among the parties involved led to the development of the needed framework for the effort. The

insurance companies pledged to meet the cost of ICHEIC's operation, expeditiously pay claims and contribute to a humanitarian fund to account for the many Holocaust era policies that all sides recognized would remain unpaid. The cooperative negotiations and compromises in the various committees created a system of rules allowing for relaxed standards of proof, a means to value unpaid policies at current prices and a way to handle the companies' obligations for policies caught up in communist nationalization in eastern Europe. This shared system was highlighted when the ICHEIC Commissioners adopted "consensus based decision making" at the January 1999 ICHEIC meetings in Washington.(14)

All parties realized that after more than 60 years and the horrors of the Holocaust, few surviving policyholders or their heirs still had documents indicating the existence of a policy. With the acceptance of claims, this fact became abundantly clear. Only about a third of the claimants were able to name the company with which the policyholder was insured and only five percent could provide evidence (policy, premium notice, etc.) that a policy had existed. Thus, from the beginning it was recognized that considerable emphasis had to be placed on obtaining policy information from company records and government archives, and on publishing the names of the policyholders.

Another lesson quickly learned is that matching the names, dates of birth and other information provided by claimants with similar data in company records and government archives is not a simple exercise. Differences often occur in the spelling of both the policyholders' surname and given name reflecting the numerous languages being compared. To make matters worse, the names in the ICHEIC claimant database were changed to English while they were provided in Hebrew, Cyrillic and other languages. The matching of names also became difficult because of the many common surnames. In the case of dates of birth, claimants often lacked the exact date for policyholders who were born mainly in the 19th century. Moreover, company records sometimes did not provide a date of birth. Even comparing residences had to be undertaken carefully. For example, the Austrian spelling of Vienna is Wien.

Little or no progress during the second period

During the second period, from the February 2000 launch of the process to accept claims until October 2002, cooperation among participants faded, the insurance companies' financial pledges evaporated(15) and the idea of determining a global settlement to cover the value of all unpaid insurance gave way to much smaller payments via agreements with individual companies. Meanwhile, the claims process got bogged down in uncertainty and errors. Several highly critical reviews of this process pinpointed the same problems and suggested recommendations. They included my (and Jolanta Goldstein) in-depth/onsite appraisal of the management of the claims process in December 2000 and a review of decisions on individual claims in October 2001.(16) An

investigative study was undertaken by a group headed by Lord Archer of Sandwell in early 2002. In the public realm, Washington State Insurance Commissioner, Deborah Senn, issued a critical "Status Report on Holocaust Era Insurance Claims" (December 2000). Hearings held before the US House of Representatives Government Reform Committee in November 2001 enumerated the many ICHEIC problems. But ICHEIC management paid little attention to these numerous reports and their recommendations or to the knowledge gained from experience.

As claims received climbed rapidly in 2000, a number of severe shortcomings became apparent in the system to process them. Such initial deficiencies are not abnormal, especially in cases as this one where the effort is groundbreaking. But ICHEIC management of claims processing, run by an office in London, failed to make the necessary and obvious corrections that were clearly pointed out in various reviews. To make matters worse, the ICHEIC London office provided little oversight of the contractor that had been hired to handle the processing of claims. This was a grave shortcoming since this contract involved the heart of ICHEIC's claim processing and such a groundbreaking operation needed constant tinkering. There should have been an ICHEIC person on site to see that the operation was effective and efficient, to handle the daily issues that arise and to suggest needed changes in operation or the contract. Indeed, the only London office staff member trying to fill this role and make the corrections, Pat Webber, was fired in June 2001 for unknown reasons.

Moreover, no system was put into place during this period to ensure that offers or denials made by the insurance companies on documented claims followed ICHEIC rules, despite the fact that all critics mentioned above made that suggestion and Chairman Eagleburger promised to do so at the November 2001 Congressional hearings. Documented claims are those that involve information that a policy existed as a result of documents provided by the claimant or found in government archives or company files. In these cases, under ICHEIC rules the company must pay the claim unless it can show the policy was previously paid. The numerous problems with documented claims pointed out by several reviews stemmed from a combination of company mistakes, ICHEIC processing errors and the uncertainty of unresolved ICHEIC rules.

At a strategic level, there was also a management failure. No effort was made to present an overall view of how the various elements of the ICHEIC should proceed and be integrated in terms of priorities, timing, and costs. For example, it was obvious that it was necessary to move quickly to have companies publish names of Holocaust era policyholders so that potential claims could be filed. But this effort never received the priority that was needed and in fact by the December 31, 2003 deadline for filing claims the companies had published few policyholder names, except in the case of Germany. Also, while some progress was made in developing archival information, the effort fell considerably short of what was needed. For example, nearly all the archival names came from three

countries—Austria, Czechoslovakia and Germany—that counted for less than 20 percent of the Jewish population of Nazi occupied Europe (excluding USSR).

A major stumbling block was the management of the London office. Its head and Deputy Chairman of ICHEIC, Geoffrey Fitchew, insisted that ICHEIC's role was simply a "post office" which sends claims to the companies for decision. Although ICHEIC's head office in Washington stated numerous times that was not the case, the London office failed to significantly alter its course of action. For example, even though Chairman Eagleburger promised to establish a system to verify documented claims at the November 2001 Congressional hearings, the London office failed to do so and was not pressed by the Chairman. When combined with other problems, such as the failure to address unforeseen issues, the result was an expanding number of unresolved system errors that persist to date.

Inept governance made the ICHEIC situation worse. No effective means existed to set priorities or deal with issues that naturally arise with any operating system, especially one that is groundbreaking. This not only impaired the management of ICHEIC, but also created a corrosive atmosphere among members and greatly undermined public confidence in ICHEIC. Except for occasional decisions on some issues by the Chairman, the effort essentially drifted in disarray. The effective committee structure of the earlier period was essentially disbanded. It was replaced with the Executive Oversight Committee (EOC) which rarely met and was too large.

The ICHEIC commissioners never solidified as a group and never acted as board of directors voting on key issues. Rather than a consensus building process, the major decisions by the Chairman were based on input from the head of the London operations and his discussions with those ICHEIC members the Chairman felt necessary. Such actions may have been effective in terms of secret diplomacy but caused dissension within ICHEIC and undermined public confidence.

Another major culprit was the long drawn out negotiations to reach an accord with the German Foundation to handle all insurance claims for Jews living in Germany during the Holocaust era. Many of the ICHEIC-stipulated rules were not accepted by the ICHEIC member companies, who waited to see the outcome of the German Agreement. Further adding to the woes was the diminished political pressure that initially raised the public awareness of restitution and led to the early efforts to resolve the issue. In all, through the second period, the ICHEIC Chairman did little to correct the problems, the insurance companies' performance in handling claims was lackadaisical at best, most state regulators lost interest, and the Jewish participants essentially put up with the difficulties, seeing no alternative.

ICHEIC's public standing plummeted as complaints grew from claimants. There were numerous highly disparaging newspaper articles, including a January 25, 2002 piece in the *Financial Times* (page 12) declaring the ICHEIC claims process as "rotten". After two investigative reports by its reporter Greg Garland, a Baltimore Sun editorial stated, "The scandalous record has abused once again the thousands of Holocaust survivors and heirs, many of whom have unsuccessfully sought for six decades the dignity that might come with proper compensation. ICHEIC is in need of immediate and deep reform."(17) In his book, "Holocaust Justice", Michael Bazylar provides details on the many problems faced by claimants and states much of the public dissent in his section entitled "The claims process is a failure." (18)

Raised expectations frustrated by little progress in third period

With the signing of an agreement in October 2002 with the German Foundation (19), it was hoped that a new period would begin and the process would be reinvigorated. Despite all the delays in reaching the agreement and numerous difficult compromises, there were clear benefits. All German claims would be considered rather than those just from the participating ICHEIC company members, a promise was made to publish a list of Jewish policyholders in Germany, and ICHEIC received the necessary funds to sustain its operations.(20) This additional money made up for the amount the participating companies had originally pledged and then reneged on.

These hopeful expectations were strengthened when at about the same time Mara Rudman, a staff member of a US consulting company, was hired in July 2002 to act as ICHEIC Chief Operating Officer (COO) to tackle its many problems. But through October 2003, progress was minimal in terms of most key claims processing issues. The one important step forward was putting in place after more than three years of promises a scheme to verify that claims processed by the insurance companies follow ICHEIC rules and that there are no system errors. The effectiveness of the verification system, however, still remains unclear as errors and questions persist. A major problem is that no system was put in place to clarify previous rules and produce new rules to deal with unforeseen issues.

During the same period, ICHEIC published on its website some 350,000 possible Jewish life insurance policyholders in Germany from the Holocaust era. This effective effort was not handled by the COO, but by committees made up of representatives of the ICHEIC participants, its staff and the German Foundation. Their cooperation was reminiscent of the first ICHEIC period, when the committee system worked effectively.

But the lack of cooperative overall governance persisted. The ICHEIC commissioners (Board of Directors) who represent all parties never met to provide basic rules, nor did specialized committees to clarify rules. Those

decisions that were made were done in a haphazard fashion by Chairman Eagleburger or the COO with minimal consultation with ICHEIC members. In most cases, any discussion took place only with those who agreed with them. Indeed a veil of secrecy as to what steps were or were not being taken descended over the ICHEIC effort.

Below are a few examples of dubious decisions resulting from inept governance:

--The interest rate for 2003 and 2004. At the beginning of each year the interest rate paid on offers is set for that year. For dollar payments, it is based on the 30 year US Government bond yield on the first business day of the year—usually January 2. In the case of Euro payments, it is the average of long term government bond yields for individual countries for the same date. ICHEIC London announced that both the US and European rate for 2003 was 4.75 percent. The Jewish participants immediately notified ICHEIC that while the Euro rate was correct, the dollar rate should be 5 percent. The response was that while it agreed the US rate was not correct, the German Foundation had already been notified and had accepted the 2003 rates. Thus, the rate could not be corrected and would stand. It did. In 2004, the Chairman raised the rate to 5 percent. But the US bond yield was 5.28 percent, meaning that claimants whose offers are calculated in dollars (most claims) would again be shortchanged. Again ICHEIC was notified immediately by the Jewish side of the error and once more no change was made.

--Definition of a subsidiary. For several years the Jewish participants raised without response the issue as to what constituted a subsidiary. The chief of London operations said he had told the Claims Committee in the early ICHEIC years that a subsidiary was when the parent company owned 51 percent or more of its subsidiary. Although he had no documented proof on which to base his decision and no committee member recalled his statement, he insisted that percentage be used. Many memos were sent to ICHEIC on the issue, indicating the common international norm was 25 percent and indeed that this share was used in the German, Austrian and Swiss agreements. Finally, Chairman Eagleburger made a decision on June 16, 2003 that made no sense. He decided that several companies in which the parent ownership was between 25 and 50 percent would be considered as subsidiaries. But the subsidiaries on the Chairman's list sold mainly non-life policies and ICHEIC never developed rules to pay non-life claims. At the same time, he excluded subsidiaries in the 25-50 percent range that sold life insurance. This bizarre decision meant that some 200 claims probably will not be considered for payment under the normal valuation rules.

--ICHEIC valuation and other rules. Based mainly on actual claimant cases, the Jewish side constantly provided a list of uncertainties in ICHEIC rules that naturally arise in any system, especially one that is so groundbreaking. As with other problems, the request to deal with or clarify these issues was delayed for

years. In 2003 the new management team at ICHEIC simply denied that there were any outstanding issues.

To make matters worse, the appeals process for company offers and denials in which the claimant names a company has been a costly endeavor because the appeals panels have had to adjudicate the many rules ICHEIC has failed to resolve or clarify. Moreover, there are three separate appeals panels (21) which decide issues on different standards and there is no retroactivity to ensure that all claims involving the same issue are handled in the same manner.

How the many ICHEIC shortcomings were creating problems for individual claimants in his state was issued in a report by the Washington State Insurance Commissioner Kreidler. Those mentioned included the lack of enforcement of ICHEIC rules, the need to clarify the valuation system, and recent errors with the ICHEIC claims verification system. Moreover, the report found that, "A significant number of Washington claims submitted to ICHEIC appear to be missing or lost." The Commissioner recommended that the regulators audit ICHEIC's claim process.(22)

As the *Economist* magazine said in an August 2, 2003 editorial, "If ICHEIC fails to improve its performance and quickly, by demonstrating greater independence, acting more openly and paying claims faster, then those who have not yet filed a claim may choose to go directly to the law. That would hardly help insurers or claimants to resolve this issue speedily." It must be added the same is true of those who have already filed claims.

Stage four-Late attempts to respond to long standing problems

To resolve the governance crises the Jewish group met immediately before the October 2003 ICHEIC meeting and decided on corrective actions that should be undertaken immediately. This included the reestablishment of the committee systems, the appointment of an ombudsman to handle the numerous complaints from claimants and the development of a program to accelerate the handling of claims by the insurance companies. At the ICHEIC meeting, it was decided to discuss and move ahead with these steps.

In all cases, through mid-April 2004, ICHEIC did almost nothing. The pace at which companies handled claims did not change significantly and the ombudsman effort never materialized. After a six month delay, the Chairman finally initiated an Operating Committee to discuss long-standing issues, but appointed mainly only those who would not challenge his views. Through mid-September 2004 the Operations Committee rarely met and only a few of the many outstanding issues were addressed. Thus, little was done to make up for the protracted time and money poorly spent as well as the disregard of claimant interests that resulted from years of faulty management and governance. At this point the two parties (the Jewish group and the state regulators) which could

make a difference seem to have been worn down by years of inaction, discord, and a turnover of participants which undercut institutional memory.

ICHEIC management meanwhile increasingly stifled criticism by relying strictly on those that do not raise concerns and by ostracizing those with legitimate questions. Most distressing was the sudden removal from office of Dale Franklin, the chief of staff of the Washington office, who was the only one within ICHEIC management who diligently worked to overcome the long-standing problems.

The ICHEIC meeting in April 2004 reiterated its hopes to close down ICHEIC by year's end. This will be a daunting undertaking since by mid September 2004 and after four years of processing claims only about 40 percent of claims have been completed by the companies. Additionally, the important tasks of claims verification and appeals must take place after the company decisions, extending the time frame even more. Finally, the matching process has been lagging and with minor exceptions the companies belonging to ICHEIC (outside of Germany) have not made available their list of names of Holocaust era policyholders even for use in the internal matching process. No effort has been undertaken to handle non-life insurance policies as pledged in ICHEIC's initial charter. It seems that the policy of the ICHEIC Chairman and the COO is to close the effort as soon as possible and declare victory.

California's Insurance Commissioner, John Garamendi, who is also an ICHEIC commissioner, in a June 8, 2004 letter to ICHEIC Chairman Eagleburger tried to persuade him to take appropriate action to right ICHEIC's problems. He stated, "Although ICHEIC faces serious problems, it continues to ignore those of its commissioners who dare to suggest improvements, make constructive criticism, ask incisive questions or call for better management. ...ICHEIC management is sloppy. The current claims verification system is woefully inadequate. The Claims database still needs work. ICHEIC's refusal to update the valuation guidelines is amateurish."

The response was a rambling public relations defense that showed the Chairman and his staff did not even know the facts. For example, in his response to Commissioner Garamendi's suggestion that ICHEIC's Valuation Committee (which consists of all ICHEIC parties) should meet to deal with inconsistencies in interpreting the rules and unforeseen issues, Chairman Eagleburger stated these rules were finalized on October 16, 2002, when the Agreement with the German Foundation was signed. He went on to say, "These are, in effect contractual obligations. As such they cannot unilaterally be set aside. That may be the way you do business in California but it would be my definition of truly amateurish." Chairman Eagleburger obviously did not read or does not understand the Agreement he signed with the German Foundation. That Agreement stated "The parties shall endeavor in good faith to resolve any dispute in relation to the interpretation or application of this Agreement amicably by negotiations between the parties." (23). These words were purposely inserted into the Agreement in

order to finalize it, being cognizant that all issues had not been resolved and others could arise in interpreting the Agreement.

At the same time in response to Commissioner Garamendi's criticism, ICHEIC's COO made the most hypocritical remark. She said, "...that all sides greatly underestimated the complexity and timeframe of settling claims and that the commission suffered from some poor communications." (24) This after years of criticism and having been told about the issues every since she joined ICHEIC two years before.

Conclusions

ICHEIC initially was able to develop the rudiments of a credible system to meet the unpaid life insurance claims from the Holocaust era. But the implementation of this effort was seriously flawed by inept management and governance. Instead of the envisaged two-year endeavor aimed at avoiding prolonged lawsuits and government bureaucracy, the process will take at least nine years and be constantly plagued by justified complaints. As a result, ICHEIC's reputation has sagged badly and the idea of resolving issues through an agreement among the parties to a dispute has suffered a major setback. Upon completing its tasks, ICHEIC will have paid claimants and provided humanitarian funds an amount equivalent to only about 3 percent of the 1998-unpaid amount of life insurance policies outstanding from the Holocaust era. This percentage does not even come close to achieving "rough justice". ICHEIC also has done nothing to handle non-life insurance claims.

At the heart of the governance-management problem is a common human flaw. Those leaders with a political bent often are successful in fostering good ideas by drawing people together and effectively balancing conflicting interests. But they lack the skills, patience and interest to deal with day-day governance and management. This was ICHEIC's story.

At the same time, the lack of sustained political pressure undercut the motivation for ICHEIC to correct its problems. Press coverage has been minimal in recent years as public interest in the issue of Holocaust restitution faded significantly from its peak in the late 1990s. Most Jewish and state regulators participating in ICHEIC were worn down by the many years of ICHEIC's inflexible stance and did not push for remedial actions. In recent times, the court system provided no alternative counterforce (25). As a result ICHEIC's Chairman and managers could effectively ignore any criticism of the process, while most participants succumbed to the idea there was no alternative to ICHEIC and its serious shortcomings.

A major lesson learned is that such private endeavors such as ICHEIC must face and fix problems early on. The longer they fester, the more difficult and costly they are to resolve.

Footnotes

1. Dutch Insurance Association (May 2000), German Foundation "Remembrance, Responsibility and the Future" (October 2002), La Commission pour le Dedommagement des Membres de la Communauté Juive de Belgique (July 2003) and The General Settlement Fund of the Republic of Austria (December 2003). The Austrian agreement is on hold awaiting settlement of court cases.
2. This list from the September 1999 ICHEIC meeting is somewhat different than the list of Commissioners stated in the ICHEIC Memorandum of Understanding MOU). In addition, the MOU lists Observers from the World Jewish Restitution Organization, Claims Conference, EC Commission and US Department of State.
3. Basic life insurance data (sums insured and number of policies) by country. *Assekuranz-Jahrbuch*, Band 56 to 62 (1937-1942), Verlag Fur Recht Und Gesellschaft AG, Basel, Leipzig, Vienna.
Supplemented with: *Life Insurance in Belgium*, Leigh W. Hunt, US Commercial Attaché, Brussels, April 13, 1945, (See US National Archives RG 84, box 68.)
4. Country population. *International Historical Statistics: Europe 1750-1988*. Jewish population. *Encyclopedia of the Holocaust*, Israel Guttman, 1995. Appendix page 1799. For Germany, the Nazi Nuremberg law is used (persons with at least one grandparent of Jewish descent), provided in presentation by Allianz to ICHEIC (2000) and confirmed by telephone by Israel Guttman.
5. Jewish propensity to buy insurance in value terms. Western Europe 3 times more and eastern Europe 4 times more. Data from numerous reports presented to ICHEIC by Jewish representatives and discussed in *Report to Chairman Eagleburger on the Estimation of Unpaid Holocaust Era Insurance Claims in Germany, Western and Eastern Europe, December 12, 1999* (internal report). ICHEIC ended up accepting a Jewish propensity of 3, when calculating the valuation of valid claims which had no record of face value. (see Valuation Guidelines, paragraph 7.1, on ICHEIC website)
6. Life insurance share of total Jewish assets. *And It All But Disappeared: The Nazi Seizure of Jewish Assets*, Sidney Zabludoff, Institute of World Jewish Congress, Policy Forum 13, 1998.
7. Foreign exchange rates on December 31, 1938 published by the Board of Governors, Federal Reserve System. *Purchasing parity rates in World Income (1929-1937)*, Randall Hinshaw, Division of Research and

Statistics, Board of Governors, Federal Reserve System, June 1945. The dollar and the Swiss franc are the only two currencies that provide a stable series from the Holocaust era to the present. A consistent time series for other European currencies were disrupted by World War II, the high post war inflation and the communist takeovers in eastern Europe.

8. US Government 30 year bond yield. Annual Reports of the Board of Governors, Federal Reserve System.
9. Full methodology on the current value calculation is presented in Annex A table "Jewish Life Insurance Holocaust Era"
10. The estimated country percentages (by value) of pre Holocaust era life insurance not paid to policyholders or beneficiaries from 1945 to 1997 is considered at the high end of the plausible range in that almost no policies were repaid in eastern Europe and few in Austria. In western Europe although a majority of policies likely were repaid, many were done so at the cash surrender value of the immediate pre- Holocaust period. On the average this amounts to approximately 25 percent of the face value. The German number provided ICHEIC by the German insurance association (BAV) shows 32.48 percent of policies were "not subjected to examination by the BEG or other restitution authority". But this includes numerous policies that were paid policyholders who had to turn over the funds to the Nazi regime.
11. Offers to claimants via ICHEIC are shown on the ICHEIC website (ICHEIC.org) and normally updated every two weeks. The percentages presented in this paragraph are rounded upward to account for the fact that the value of offers made before 2003 and not in 2003 prices.
12. Humanitarian payments are essentially equal to the amounts provided by the companies and country organizations minus claims payments and ICHEIC's operating costs. Total amounts are about \$500 million which includes 279 million euros (\$316 million at 2003 exchange rates) from the German Foundation, \$100 million from Generali, \$25 million combined from AXA, Winterthur and Zurich, and the remainder (roughly estimated at \$59 million) from initial company contributions, interest, and contributions by the Austrian, Swiss and Dutch country organizations. From that is subtracted \$125 million for claims payments and \$100 million for ICHEIC administration, leaving about \$275 million for humanitarian purposes. ICHEIC in 2003 committed \$132 million over the next ten years (later reduced to 9) for social welfare programs for Holocaust survivors, See ICHEIC Quarterly Report for May 2004 (on ICHEIC website).
13. See Annex B.

14. ICHEIC Committees: Public Access Working Group, Audit Working Group, Claims Working Group, Valuation sub-Group, Outreach Support Group and the Historical Working Group. The various agreements were put together in a Chairman's Memorandum of August 6, 1999.
15. Budget reports at the end of 2001 indicated that ICHEIC lacked the funds to complete their operations as then planned by the end of 2004. The companies at that time were not pledging the necessary funds to fill the gap.
16. A major finding of the December 2000 study was the need for distinguishing documented and other claims and a verification system for the documented claims. The October report was a sample of 78 documented claims which showed that, "Of the 32 offers examined only 17 were in accordance with ICHEIC principles. Of the 46 denials that were examined only 5 were in accordance with ICHEIC principles."
17. Baltimore Sun editorial, July 14, 2002.
18. Michael J. Bazyler, *Holocaust Justice: The Battle for Restitution in America's Courts*, New York University Press, 2003, chapter 3, page 140.
19. Agreement Concerning Holocaust Era Claims between ICHEIC and The German Foundation for "Remembrance, Responsibility and Future" October 2002.
20. *ibid.* Section 6 provided \$60 million (or more if necessary) for ICHEIC administration between 2002 and completion.
21. Appeals Tribunal (AXA, Winterthur and Zurich and those of Allianz before October 16, 2002; Appeals Panel (German Fund); Generali Trust Fund Appeals (Generali).
22. The View from Washington State. Work of ICHEIC, the "Value" of Memory "Discounted", A Status Report July 2002-October 2004, Mike Kreidler, State Insurance Commissioner, October 2004.
23. Footnote 19, section 11(3).
24. Tom Tugend, *In broadside, official says ICHEIC is bungling Shoah insurance claims*, JTA article June 15, 2004.
25. US Supreme Court (June 21, 2003) ruled in a 5-4 decision in *American Insurance Association v. Garamendi* that California's law calling for the publication of Holocaust era policyholder names "interfered with the Presidents conduct of the nation's foreign policy and was therefore

preempted." Opinion of the Court pages 28-29. A class action suit against ICHEIC in the California state courts (Case #BC303004) was dismissed for lack of jurisdiction (August 2004). US District Judge Michael Mukassey dismissed some 20 class action and individual suits against Generali on the basis of the US Supreme Courts June decision (October 12, 2004).

Note: Much of discussion of ICHEIC is based on material in possession of the author or his conversations with ICHEIC participants.

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Annex A

Jewish Life Insurance Holocaust Era

Conservative Estimate

Date of info.	Sums ins loc. cur.	Number of policies	Jewish Population	Jewish Policies	Jewish sums ins loc. Cur	Exchange rate 12/31/1938	Total sums ins. 1938	Jewish sums ins. 1938 \$	Jewish % of total \$ 1938	Jewish sums ins (mill 2003\$)	Jewish sums ins 1997	Jewish sums ins unpaid (%)
Bulgaria	1938	6,151	232	0.8	4	196.8	75.8	2,426	3.2	79.81	90	90
Czech	1937	14,418	1,470	2.6	76	1499.5	494.1	51,391	10.4	1,690.78	90	90
Greece (f)	1935	23,044	600	1.0	12	921.8	196.2	7,848	3.2	258.19	90	90
Hungary	1937	669	809	5.7	92	152.5	193.3	44,082	22.8	1,450.29	90	90
Poland	1937	633	261	9.7	51	245.6	119.7	46,444	38.8	1,528.00	90	90
Romania	1938	10,810	143	4.4	13	1902.6	78.7	13,847	17.6	455.56	90	90
Yugo.	1937	3,299	137	0.6	2	79.2	75.1	1,803	2.4	59.30	90	90
<i>Sub total</i>							1233.0	167,840	13.6	5521.94		
Austria	1936	1,834	1,472	3.2	71	176.1	347.0	33,311	9.6	1,095.94	80	80
Belgium	1938	12,765	2,228	0.8	18	306.4	431.5	10,355	2.4	340.68	30	30
France	1938	65,032	3,135	0.7	22	1365.7	1707.3	35,853	2.1	1,179.56	30	30
Italy	1938	25,903	2,769	0.1	3	77.7	1362.6	4,088	0.3	134.49	30	30
Neth. (1)	1938	3,652	1,237	1.4	22	100.0	1986.5	54,394	2.7	1,789.58	30	30
Neth. (2)	1938	1,015	10,198	1.4	143	14.2	552.1	7,724	1.4	254.12	100	100
Germany	1938	26,443	31,427	1.1	346	872.6	7,668.5	253,060	3.3	8,325.66	30	30
Total							15,288.4	566,625	3.7	18,641.96		

(a) Jewish propensity for number of policies: Eastern Europe 2, Austria 1.5 and Western Europe 1 (except Netherlands (1) is actual number confisca

(b) Jewish propensity for sums insured: Eastern Europe 4, Western Europe 3 (except Netherlands (1) is actual, based on surrender value)

© Germany exchange rate is set at purchasing power parity instead of official 40 US cents; Hungarian rate is as September, 30, 1941.

(d) Multiplier from 1942 (deemed date of death) to 2003 is 32.9; based on annual yield for 30 year US Government bond.

(e) Does not include policies repaid since 1998 under ICHEIC; German unpaid is based on paid of \$514.25 million which is the BEG payment for 1955 converted to dollars and increased to 2003 using the US Government 30 year bond yield.

(f) Uses the same dollar average total per policy as Bulgaria.

Netherlands (1) Regular life and annuity policies

Netherlands (2) Numerous small valued "Volksverzekeringen" or burial policies; none of these Jewish policies repaid.

Jewish sums ins. 1997	Jewish policies 1997	Jewish unpaid per policy 1997	Total sums ins. 1938	Jewish sums ins. 1938
(mill 2003\$)	(thousand)	(e)	\$	\$
71.83	3.6		327	606
1,521.70	68.4		336	676
232.38	10.8		327	654
1,305.26	82.8		239	479
1,375.20	45.9		459	911
410.00	11.7		550	1065
53.37	1.8		548	901
4,969.74	225.0			
876.75	56.8		236	469
102.20	5.4		194	575
353.87	6.6		545	1630
40.35	0.9		492	1363
536.87	6.6		1606	2472
254.12	143.0		54	54
7,811.41	103.8		244	731
14,945.32	548.1		272	648

ited.

EXHIBIT 4

Bellissima antica e originale pubblicitaria della compagnia di assicurazioni milanese

LA POPOLARE

**ASSOCIAZIONE DI MUTUA ASSICURAZIONE
SULLA VITA DELL'UOMO**

MILANO

Splendida illustrazione litografica, con uno schema sintetico dei costi in rapporto all'età dell'assicurato, per polizze vita emesse da La Popolare, competitivi e comparati rispetto a numerose altre compagnie simili

(elencate la DANUBIO, BASILE, COMPAGNIE FRANCESI, FENICE, GRESHAM, NEW YORK, MUTUAL LIFE, RIUNIONE ADRIATICA, COMPAGNIA DI MILANO, PRUSSIANA, DORDRECHT, NORWIK UNION, ASSICURAZIONI GENERALI VENEZIA, ALLEANZA, ANCORA, COOPERATIVA ITALIANA, REALE)

RAFFIGURATI ANCHE LE VARIE SEDI ITALIANE DELLA COMPAGNIA, SITUATE IN IMPONENTI PALAZZI

di cui due a Torino e altre a Milano.

Industrie Grafiche Besozzi (MILANO)

Databile tra fine '800 o primo '900

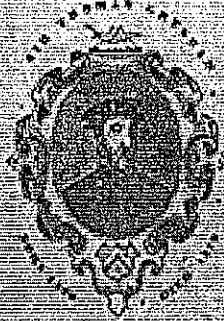
**ESEMPLARE DI GRANDE INTERESSE
COLLEZIONISTICO,**

**OLTRE CHE STORICO ARTISTICO
ARCHITETTONICO E DOCUMENTARIO
BIBLIOGRAFICO**

Cm.16x31; buona conservazione generale, difetti d'uso e d'epoca,
macchioline, e strappetti marginali, cos'è come da immagine allegata.

GUARDATE LE ALTRE MIE ASTE!!!

THE GRESHAM LIFE ASSURANCE SOCIETY



COMPAGNIA INGLESE DI ASSICURAZIONI SULLA VITA

<p>ARTICLE 1. The object of this Society shall be to insure the lives of persons who shall be admitted to its membership, and to pay the amount of such insurance to the persons entitled to receive the same.</p>	<p>CONSTITUIA CON ATTO DEL PARLAMENTO NEL 1775. CAPITALI DI £ 1,000,000.</p> <p>LONDRA, 27. DEB. JESSBY.</p> <p>SUCCESSIONE CONTINENTALE PARIGI, 15. DICEMBRE.</p> <p>SUCCESSIONE DETAGIA TRURO, 10. GIUGNO 1811.</p>	<p>ARTICLE 2. The Society shall be governed by a Board of Directors, who shall have full power to borrow money, to purchase and sell real and personal estate, and to do all such other things as may be necessary for the carrying on of the business of the Society.</p>
--	---	--

ARTICLE 3. The Society shall be liable to the payment of the amount of any sum insured, at the expiration of the term of years specified in the policy, or at the death of the insured, whichever shall first happen.

[Faint, mostly illegible text, likely containing policy details or terms of insurance.]

[Faint, mostly illegible text, possibly a signature block or additional terms.]

THE GRESHAM LIFE ASSURANCE SOCIETY



COMPAGNIA INGLESE DI ASSICURAZIONI SULLA VITA

REGOLA TERZA
 ARTICOLO PRIMO
 ARTICOLO SECONDO
 ARTICOLO TERZO
 ARTICOLO QUARTO
 ARTICOLO QUINTO
 ARTICOLO SESTO
 ARTICOLO SEPTIMO
 ARTICOLO OTTAVO
 ARTICOLO NONO
 ARTICOLO DECIMO
 ARTICOLO UNDICESIMO
 ARTICOLO DODICESIMO
 ARTICOLO TREDICESIMO
 ARTICOLO QUATTORDICESIMO
 ARTICOLO QUINDICESIMO
 ARTICOLO SEDICESIMO
 ARTICOLO DEDICESIMO
 ARTICOLO SEDECESIMO
 ARTICOLO SEPTICESIMO
 ARTICOLO OTTAVICESIMO
 ARTICOLO NONICESIMO
 ARTICOLO CENTESIMO

CONDOLA 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

SUGGERSALE CONTINENTALE
 PATRONE DI VESUVIANTI

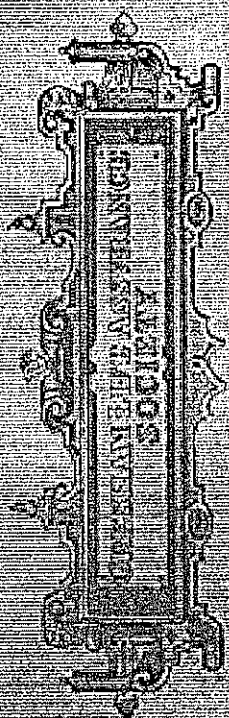
SUGGERSALE DI ROMA
 PATRONE DI VESUVIANTI

ARTICOLO
 ARTICOLO PRIMO
 ARTICOLO SECONDO
 ARTICOLO TERZO
 ARTICOLO QUARTO
 ARTICOLO QUINTO
 ARTICOLO SESTO
 ARTICOLO SEPTIMO
 ARTICOLO OTTAVO
 ARTICOLO NONO
 ARTICOLO DECIMO
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 ARTICOLO OTTAVICESIMO
 ARTICOLO NONICESIMO
 ARTICOLO CENTESIMO

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[Faint, illegible text, likely a table or detailed regulations]

[Faint, illegible text, likely a table or detailed regulations]



ASSICURAZIONE DOTALE

CONTRATTO N. 12345678
Emissione del 15/10/1910
S. BENEDETTO
S. BENEDETTO

Carlo Cattaneo
S. BENEDETTO

CONDIZIONI GENERALI

Il sottoscritto ha stipulato con la FIDELITY AND CASUALTY ASSURANCE SOCIETY una polizza di assicurazione dotale...
L'importo assicurato è di Lire 1.000.000.
L'assicurazione è valida fino al 31/12/1915.
L'assicurato ha pagato la prima rata di Lire 100.000.
L'assicurazione è a premio fisso annuo di Lire 10.000.
L'assicurato ha diritto a un capitale di Lire 1.000.000 al termine della polizza.

Carlo Cattaneo
S. BENEDETTO

ASSICURAZIONE DOTALE

CONTRATTO N. 12345678
Emissione del 15/10/1910

S. BENEDETTO
S. BENEDETTO

Carlo Cattaneo
S. BENEDETTO



ASSICURAZIONI GENERALI

SOCIETA ANONIMA
 ISTRUITA NEL 1851

VENEZIA

CAPITALE SOCIALE
 INTEGRAMENTE VERSATO
 L. 120.000.000

POLIZZA DI ASSICURAZIONE CONTRO I DANNI DELL' INCENDIO

DITTA ASSICURATA

Principio del rischio
 Fine
 Agenzia Principale di
 Polizza N. **51624**
 Rinnova l. polizza N.
 Sostituisce l. la polizza N.
 Forma rischio comune con l. polizza N. **51624**
 Società assicurata E.
 La nota governativa viene dalla Compagnia veneta telegraficamente all' Erario
 (art. 19 D. D. 30 dicembre 1925, n. 2284).

Principio del rischio
 Fine

Liquidazione del premio e degli accessori

	Rate di premio da pagare alla data della polizza	RATE ANNUALE
Premio base		
Rischi di Polizza e di Quintana		
... a Cavalleria		
Adizionale per Spese di Gestione		
Totale premi ed accessori		
Tassa governativa (...)		
Completivamente E.		

Rate di premi ed accessori da incassare dopo la firma del Contratto:

A) nel caso dell'asse ...

B) negli anni successivi, N. ... rate a L. ...

Alla Condizioni Particolari, Generali e Speciali che seguono, la Compagnia Assicurazioni Generali - Venezia
 assicura contro i danni dell'incendio a (...)
 in un capitale di Lire ...
 in ogni capitale di Lire ...
 sopra le cose specificate e descritte nella presente polizza.

CONDIZIONI PARTICOLARI

Il presente contratto è stipulato per la durata di ...
 dal ... al ...
 l'assicurato pagamento del premio con gli accessori. Per il primo periodo che termina nel giorno ...
 pagare L. ... Per la residua durata contrattuale, deve pagare L. ...
 di ogni anno, fino a compenso il ... e la classe dei rischi di incendio deve essere aggiunta la tassa governativa che,
 secondo le attuali disposizioni di legge, vengono pagate per il primo periodo di assicurazione a L. ... e per ciascuno delle rate successive a L. ...

La Ditta assicurata conferma nella presente forma la validità, che le dichiarazioni, le dichiarazioni, le ubicazioni e l'uso delle cose assicurate,
 quali risultano nelle pagine seguenti, sono conformi alle proprie dichiarazioni, e garantisce la propria qualità e natura del rischio, in ogni
 decisione delle quali nessuno di comune accordo convenendo le relative misure di premio.

Emesso in doppio esemplare in ...
 La Ditta assicurata
 per le Assicurazioni Generali Venezia
 Il Rappresentante Legittimato



ASSICURAZIONI GENERALI

SOCIETA ANONIMA
ISTITUITA NEL 1831

VENEZIA

CAPITALE SOCIALE
INTERAMENTE VERSATO
L. 120.000.000

POLIZZA DI ASSICURAZIONE CONTRO I DANNI DELL' INCENDIO

DITTA ASSICURATA

Agenzia Principale di ...
 Polizza N. **51634**
 Rinnova la polizza N. ...
 Sostituisce l.D. polizza N. ...
 Termine ciclo comune con l.d. polizza N. **51633**
 Società assicurata L. ...

Principio del rischio ...
 Fine ...

Liquidazione del premio e degli accessori

	PER IL PERIODO DI ...	RATA ANNUALE
Premio base	L. ...	...
Debiti di Polizza e di Quotazione	...	...
Canone di Cancellaria	...	...
Addebiti per Spese di Gestione	...	...
Totale premi ed accessori	L. ...	...
Tassa governativa ( ... )	...	...
Complementarità	L. ...	...

Rate di premi ed accessori da versare dopo la firma del Contratto:
 A) nel corso dell'anno ... L. ...
 B) negli anni avvenire, N. ... L. ...

Alle Condizioni Particolari, Generali e Speciali che regolano la Compagnia Assicurazioni Generali - Venezia
 assicura contro i danni dell'incendio e (...)
 in somma capitale di Lire ...
 sopra le cose specificate e descritte nella presente polizza.

CONDIZIONI PARTICOLARI

Il presente contratto è stipulato per la durata di ...
 L'anticipato pagamento del premio con gli accessori ...
 Per la rapida durata contrattuale, deve pagare L. ...
 di ogni anno, lire e centesimi ...

La Ditta assicurata, conformemente alle proprie leggi in vigore, che le dichiarazioni, le dichiarazioni, le dichiarazioni e l'uso delle cose assicurato, quali risultano nelle pagine seguenti, sono conformi alle proprie dichiarazioni e determinano la giusta qualità e natura del rischio, in esenzione delle quali vennero di comune accordo convenute le relative misure di premio.

Letto in doppio esemplare in ...
 La Ditta assicurata
 per le Assicurazioni Generali Venezia

Mano S. Giovanni ...

[Signature]

AGENZIA PRINCIPALE

di BELLUNO

AGENZIA INTERMEDIARIA

di BELLUNO



C. R. L. Torino E. 188

SOCIETÀ REALE MUTUA DI ASSICURAZIONI

FONDATA NELL'ANNO 1828

Sede Sociale in TORINO - Via Corte d'Appello, 8

POLIZZA DI ASSICURAZIONE

N. 22220

RAMO INCENDIO

Socio DI ROLLO MARIA VED. TREVISSON

DATA 30 Gennaio 1935 EFFETTO 31 Gennaio 35 DURATA Decennale SCADENZA 31 Dicemb. 45

L'Amministrazione della Società avente Sede in Torino, ed in suo nome l'Agente Capo autorizzato
 Sig. Pacca Giovanni residente nell'agenzia principale di Belluno
 assicura ed ammette a far parte della Società il Sig. Di Rollo Maria ved. Trevisson
 del Belluno residente a Sois N. 2
 il quale mediante stipolazione della presente polizza sottoscritta da lla Socia
 e nella qualità di Proprietaria fa atto di adesione alla Statuta Sociale, che dichiara di conoscere,
 ed insieme colla presente Polizza riceve, e contrae la seguente assicurazione:

La Società, sotto l'osservanza delle Statute Sociali e delle Condizioni Generali e Speciali di Polizza si impegna a garantire l'assicurato, nei limiti dell'assicurazione contro i danni d'incendio e fulmine per le somme da esso come infra accennate, cioè:

PARTI DI POLICIA	UBICAZIONE E DESCRIZIONE DELLE PROPRIETÀ ASSICURATE	SOMME ASSICURATE	TARIFFA		Prezzo per classata partita
			IBI	IBI	
1	In Provincia di <u>Belluno</u> Comune di <u>Belluno</u> Cantone o frazione dello <u>Sois N°2</u> I <u>Fabbricato ad uso civile abitazione, costruito e coperto in duro, eretto a due piani sopra-terra, avente soffitti a plafone, isolato da tre lati al quarto confina con fabbricato di pari uso e costruzione di altrui proprietà, racchiudente camere di abitazione terrene e superiori e minori dipendenze, di assiecura meno l'area, per</u>	10.000	IBI	0,50	5,00
2	<u>Mobili, utensili ed accessori di casa, oggetti di arredamento, di biancheria per uso domestico, di stoffe, di mobili e sedili, di stoviglie e quant'altre trovansi nell'alloggio occupato dal socio.</u>	3.000	3BI	0,90	2,70

La Società, sotto l'osservanza delle Statute Sociali e delle Condizioni Generali e Speciali di Polizza si impegna a garantire l'assicurato, nei limiti dell'assicurazione contro i danni d'incendio e fulmine per le somme da esso come infra accennate, cioè:



EXHIBIT 5

2002-02-15

Justice Delayed and Justice Denied

Greater oversight needed on Holocaust-era insurance claims panel.

By Rep. Henry A. Waxman

Holocaust survivors have been waiting decades to reclaim Holocaust-era insurance policies. Unfortunately, the findings of an ongoing congressional investigation I initiated indicate that their wait is far from over.

In 1998, the International Commission on Holocaust-Era Insurance Claims (ICHEIC) was set up to settle outstanding policies issued to victims of the Holocaust as quickly as possible. In November 2001, the House Government Reform Committee conducted an oversight hearing on the work of the ICHEIC, and the findings were disheartening.

ICHEIC revealed that it has spent over \$40 million in salaries, administrative expenses and outreach, while paying barely \$12 million to survivors and their families. Of the 77,800 claim applications received by ICHEIC, only 758 resulted in offers, yielding an approval rate of only 1 percent. In many instances, survivors and their families cannot name the insurance company that provided the Holocaust-era insurance. But even among those applications that name specific companies, the compensation rate was less than 10 percent.

The main cause of the failure to resolve claims appears to be the actions — and the inaction — of insurance companies. The majority of the companies that have agreed to the ICHEIC process have not lived up to their obligation to disclose policyholder lists. The ICHEIC member companies also appear to have wrongfully rejected, undervalued or left unanswered the claims of many survivors. And the majority of German insurance companies have refused to even join the ICHEIC process.

I was surprised and disappointed by the response of ICHEIC Chairman Lawrence Eagleburger during the hearing to questions regarding the administration of ICHEIC itself. When I pressed Eagleburger for more information about ICHEIC's \$40 million in expenditures on salaries, office space, meetings and outreach, he became angry and said, "I'm not going to sit here and spend my time to tell you something that is frankly none of your business."

It would be deeply troubling if ICHEIC could operate without oversight, as its existence is central to the current United States policy on Holocaust-era insurance claims.

Under a July 2000 agreement with Germany, the United States agreed to urge U.S.

courts to dismiss all cases involving Holocaust-era claims against German companies, including insurance claims that come under the scope of ICHEIC, for all companies that contribute to a \$4.4 billion fund established for the settlement of these claims. A similar agreement was signed with Austria. However, the U.S. government's determination of whether to intervene in an insurance case does not take into account whether or not a company has abided by ICHEIC's rules and standards. Thus, if the ICHEIC system isn't working, Holocaust survivors — many of whom are nearing the end of their lives — may have no meaningful recourse for their claims.

Take the example of Judith Steiner, a Los Angeles area survivor who was only 7 years old when her family was deported from Hungary to a series of concentration camps. After the war ended, she was miraculously able to recover some of her family's belongings. She submitted a claim to ICHEIC with a copy of a premium payment her grandfather paid to a subsidiary of the German insurer Allianz. The company's insignia was on the page, yet she was rejected because "no evidence of contractual relationship could be found."

The rejection of Steiner's claim was in clear violation of ICHEIC rules, but it wasn't until a year later, after I raised her case at the hearing, that the company acknowledged "a clerical oversight" and the firing of the claim-handler who made the mistake.

Without proper oversight and monitoring to catch these errors, many Holocaust survivors like Steiner, face a Catch-22: They could file an appeal, but ICHEIC rules require them to waive their right to file suit against the company and the appeal decision would be final. Even if they did go to court, the U.S. government would ask for the dismissal of their case.

This is the worst kind of unfairness. It is justice delayed and justice denied.

In light of the current U.S. policy, it is entirely Congress' prerogative to make sure that ICHEIC is operating efficiently and effectively.

The hearing in November sparked several important developments. During the hearing, Eagleburger announced a plan to institute a policing commission to make sure that companies are following ICHEIC rules. I look forward to seeing this system swiftly put into place. In January, the deadline for submitting claims was extended from the original Feb. 15 deadline through Sept. 30, 2002.

While I am still concerned that the deadline extension will make little difference unless a comprehensive list of Holocaust-era policyholders is published, I am cautiously optimistic that more names will be forthcoming. I will also keep working for the passage of H.R. 2693, the Holocaust Victims Insurance Relief Act, legislation I introduced to require all insurance companies operating in the United States to disclose the names on policies issued in Nazi Europe. I am determined to do everything necessary to make sure that ICHEIC is held accountable to the public and to the individual survivors who have been waiting so long for answers.

Given the concerns that have been raised about insurance companies' commitment to the ICHEIC process, it is time for the United States to explore new forms of

leverage that will compel the insurance companies to live up to their obligations. Otherwise, many Holocaust survivors may never see justice in their lifetimes.

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Report to Congress: German Foundation "Remembrance, Responsibility, and the Future"

**Bureau of European and Eurasian Affairs
March 2006**

[As required by Section 704 of the Foreign Relations Authorization Act, FY 2003 (as enacted in Public Law 107-228)]

Introduction

Section 704 of the Foreign Relations Authorization Act, FY 2003, as enacted in Public Law 107-228, requires the Secretary of State to report to the appropriate Congressional committees on the status of the implementation of the Agreement between the Government of the United States of America and the Government of the Federal Republic of Germany concerning the Foundation "Remembrance, Responsibility, and the Future," signed in Berlin on July 17, 2000, and, to the extent possible, on payments to and from the Foundation and on certain aspects of the functioning of the International Commission on Holocaust Era Insurance Claims ("ICHEIC"). This is the seventh report submitted pursuant to that law.

Background

The United States Government played a critical role in a multilateral effort that resulted in the establishment of a Foundation under German law entitled "Remembrance, Responsibility, and the Future" ("Foundation"). The Foundation was capitalized with 10 billion German Marks (DM), valued at the time at approximately five billion dollars. Since June 2001, the Foundation has been making payments to survivors in recognition of the suffering they endured as slave and forced laborers. The Foundation also covers other personal injury claims and certain property loss or damage caused by German companies during the Nazi era, including claims against German banks and insurance companies. Further background is available in previous reports submitted to the committees.

Implementation of the Agreement

The United States and the Federal Republic of Germany have taken various steps to implement the Foundation Agreement. In August 2000, a German law establishing the Foundation took effect. In October 2000, the United States and the Federal Republic of Germany exchanged diplomatic notes to bring the Foundation Agreement into effect. The United States' note indicates that the German law, as clarified and interpreted by several German Government letters, is fully consistent with the Foundation Agreement, which sets forth the principles that shall govern the operations of the Foundation.

The United States Government has filed statements of interest recommending the dismissal, on any valid legal ground, of lawsuits brought against German companies for wrongs committed during the Nazi era, and is committed to do so in future cases that are covered by the Foundation Agreement.

On May 30, 2001, the German *Bundestag* declared that "adequate legal certainty" had been achieved for German companies in the United States. Under the law establishing the Foundation, this declaration by the *Bundestag* authorized the Foundation to make funds available to the seven partner organizations (foundations that had previously been established in Belarus, the Czech Republic, Poland, Russia and Ukraine, as well as the Conference on Jewish Material Claims Against Germany and the International Organization for Migration) that would make payments to individual recipients.

Funds Available to the Foundation

By early 2002, the entire sum of 10 billion DM had been made available to the Foundation by the Federal Republic of Germany and by German companies.

Payments from the Foundation

As of December 2005, approximately \$5.1 billion (4.265 billion Euro or 8.3 billion DM) had been paid to approximately 1,646,000 surviving slave and forced laborers. This represents 98 percent of the funds (8.1 billion DM plus an additional amount from interest earnings) available from the Foundation's capital for slave and forced labor payments. The remaining funds will continue to be paid out over the next six months. A breakdown of payments by partner organizations follows:

Partner Organization	Number of Recipients	Amount (in Euro)
Belarus/Estonia	129,000	345,300,000
Conference on Jewish Material Claims	154,000	1,116,800,000
Czech Republic	76,000	209,200,000
International Organization for Migration	87,000	366,300,000
Poland	483,000	971,000,000
Russia	245,000	392,000,000
Ukraine	472,000	864,500,000
TOTAL	1,646,000 Recipients	4,264,800,000 Euro (approximately U.S. \$5.1 billion)

ICHEIC

The law establishing the Foundation provides funds to ICHEIC for the payment of claims arising from unpaid insurance policies issued by German insurance companies, as well as for the associated costs, and also a contribution to the ICHEIC humanitarian fund. The Foundation Agreement provides that insurance claims made against German insurance

companies will be processed according to ICHEIC claims handling procedures and under any additional claims handling procedures that may be agreed among the Foundation, ICHEIC, and the German Insurance Association.

Following two earlier extensions, the deadline for filing claims was extended to December 31, 2003. The later filing deadline was designed to provide additional time for applicants, assisted by a publicized list of names, to determine whether to file a claim. Applicants who contacted ICHEIC prior to the December 31 deadline to obtain claim forms had until March 31, 2004, to complete the form and send it so that ICHEIC receives it by that date.

The Department of State was unable to obtain such information on the ICHEIC claims process as required by Section 704(a)(3)-(7). Some information about ICHEIC, including statistics on claims and appeals, however, is publicly available on ICHEIC's Web site (www.icheic.org).