

October 23, 2003

The Honorable Tom Davis
Chairman
Committee on Government Reform
Washington, D.C. 20515

Dear Mr. Chairman:

I appreciate the opportunity to provide you with additional information as well as responses to questions posed to me following the Committee on Government Reform hearing on September 16. While the Committee has no direct oversight responsibility with regard to the International Commission on Holocaust Era Insurance Claims (ICHEIC), we share the same objective of ensuring that issues surrounding unpaid life insurance policies from the Holocaust era are resolved as thoroughly and expeditiously as possible. Your cooperation and attention are important in supporting our diligent efforts to further claimants' abilities to receive payment on previously uncompensated insurance policies, without misdirecting valuable resources away from reasonable efforts to identify and pay claimants.

Before responding to the specific questions you have presented, I first would like to address some general points as well as those directed to specific issues raised in the public record. First, I want to make it abundantly clear that any individual can file a claim with ICHEIC, whether or not they find a family name on a published list; anyone who believes that a family member may have had an uncompensated European Holocaust era insurance policy should file a claim with ICHEIC before December 31, 2003. ICHEIC will put its own research system to work to find all available information to see if there is any possible policyholder or beneficiary that matches the claimant's information and leads to a previously uncompensated policy.

Measuring ICHEIC's success by the total number of policyholder names that companies have made public – rather than by the publication of names of policyholders who were likely to have been Holocaust victims that have been made public – places the emphasis on an objective that will not further ICHEIC's mission, which is to maximize the matches between claimant and policyholder names so that the previously uncompensated insurance policies held by victims of the Holocaust can be paid to the proper beneficiary or heir.

Second, I am aware that recently there have been calls for my resignation from certain elected officials in the State of California, including the California insurance commissioner, a position that makes him an ICHEIC member. I would note that I find it extraordinary that he would choose to take up this issue publicly rather than address it with me directly, in any one of our several conversations to date since he assumed his office. Let me say unequivocally that I

have absolutely no intention of stepping down as ICHEIC's chairman. I made a commitment to ICHEIC and to the claimants it serves to ensure that valid Holocaust-era claims are paid, and I will see this process through.

ICHEIC continues to work diligently to identify areas in the claims process that need improvement. In my September 16 testimony I outlined several areas in which we have made progress, as well as detailing our future priorities. Much remains to be done, and we are working to address each of these obstacles as we focus on ensuring that every ICHEIC claim receives a fair evaluation in the most efficient and effective manner possible in accordance with established guidelines. Let me summarize ICHEIC's priorities over the next year:

- Working with companies to see they have all information needed to process claims, and to ensure they receive requested information and documents in a timely fashion (which includes improved cooperation with outsourced claims handling services and implementation organizations);
- Continued verification to ensure that claims decisions are made in accordance with ICHEIC guidelines (which includes working cooperatively with companies so that problems are corrected and misunderstandings resolved in a timely manner);
- Ongoing reconciliation efforts on claims-specific information;
- Finalizing the majority of ICHEIC audits of the Member Companies;
- Focusing on internal matching procedures and following up as appropriate with companies in an effort to ensure that as many claimants as possible receive payments on previously uncompensated policies;
- Working with ICHEIC companies and the Generali Trust Fund to ensure that sufficient resources are available to increase the speed of processing claims and in accordance with ICHEIC guidelines; and
- Continued improvements in communication for purposes of accountability and transparency.

Third, there are those who would advocate the use of the U.S. judicial system as the best means of successfully addressing historical injustices. While I respect the views of those who advocate legal action, and I do not dispute the importance of the independent judicial system in this country, I do not believe that it presents an adequate option to successfully pursue payment of uncompensated Holocaust-era insurance policies. In contrast to litigation, ICHEIC's claims process is provided at no cost to ICHEIC claimants, regardless of their ability to pay for legal services. ICHEIC's relaxed standards of proof recognize that Holocaust-era claimants possibly may not have the typical proof that might be required in a courtroom to prove contractual obligations. The ICHEIC process avoids the legal defenses, such as statute of limitations, that could be asserted in a legal proceeding. ICHEIC also allows claimants to submit claims that do not name a particular insurance company to ICHEIC for processing. In this regard, I am unaware of the likelihood of an individual filing suit against an unknown entity and successfully gaining some sort of relief. Finally, ICHEIC's archival research efforts have provided valuable additional evidence and documentation, which is used to support claims on claimants' behalf.

Fourth, ICHEIC's mandate is to facilitate the payment by the Member insurance companies of valid policies in accordance with the terms of the policies. This requires the

matching of a claim with a participating company, the researching of the policy records by the relevant company, and for a valid claim the payment of the policy amount, using ICHEIC Valuation Guidelines which take into account both the substantial post-World War II devaluations of the European currencies and an annual interest amount.

Fifth, in response to the criticism of ICHEIC's so-called "Balkanized" approach to reaching separate agreements and arrangements with ICHEIC companies and outside entities, I must emphasize that these have vastly expanded the opportunities available to claimants to have their claims thoroughly investigated. Because of these partnerships, ICHEIC grew from having only five Member companies to an organization that works with the entire insurance industries in the Netherlands, Germany, Belgium and Austria. These arrangements also allow existing compensation systems that were set up by sovereign national governments and endorsed by their local Jewish communities to be incorporated into a global approach to the resolution of Holocaust-era insurance issues. Furthermore, many of these partnerships were solidified with the support and encouragement of governments that did not want their industries embroiled in lawsuits or subjected to sanctions or regulatory actions that could damage economic and political relationships with the United States.

ICHEIC is working to ensure that implementation of these agreements and operational arrangements proceeds in a manner that is both claimant-friendly and consistent with what has been agreed. We are working to improve cooperation with outsourced claims handling services, insurance companies, relevant national funds and government bodies in an effort to overcome obstacles to processing claims and to improve the speed at which decisions are reached. To achieve this goal, we meet three times a year with representatives of Member insurance companies and our outsourced claims processor, hold regular progress meetings with the German Foundation and GDV, and engage in ongoing dialogue with individual company representatives to address operational and claims-specific issues. This is in addition to our regular meetings and consultation with U.S. regulators and representative Jewish organizations.

Finally, in response to criticisms that ICHEIC is unwilling to make the necessary changes that will better serve claimants, we are focusing all our efforts on meeting the challenges that are before us and making the ICHEIC process more claimant-friendly. We stand ready to review recommendations that any ICHEIC entity may make with respect to evaluation of claims and will give such recommendations due consideration. In the course of doing so, however, I am not inclined to reopen issues that have previously been addressed on the basis of consensus and considered closed. There were valid reasons underlying past decisions, and instead of rehashing closed issues, we must forge ahead and ensure that all parties in this process fulfill their obligations and work to see that claimants are well served.

As you may be aware, on September 25, 2003, ICHEIC was sued in a state court in California. The lawsuit seeks to compel ICHEIC to change its operating procedures, including extending the period for filing claims. ICHEIC considers the suit to be without merit and intends to vigorously defend itself. I would point out that defending this lawsuit will be a drain on both ICHEIC's finances and other resources, to the detriment of ICHEIC claimants and humanitarian programs.

Individual Claims (Questions 1 and 2)

ICHEIC has received the information presented at the hearing on claims from five Holocaust survivors, and we have taken thorough steps to examine each of those claims. They highlight both specific and systemic issues that are leading us to make changes to streamline and speed up the claims process, and to improve communications with claimants.

Let me state from the outset that I am angered and frustrated at the length of time it has taken to make decisions on these claims. Unfortunately, however, due to the high volume of claims received and the time and effort it took to construct a system to evaluate these claims, the process takes longer than anyone had anticipated when the ICHEIC claims outreach program was launched. This is not an excuse, but rather a fact, and it is precisely this matter of timing that we are working to address and speed up with all ICHEIC entities.

Furthermore, ICHEIC is currently developing a communications plan to keep claimants adequately informed about their claims, while at the same time bearing in mind the related administrative concerns. This requires establishing a balance between being responsive to claimants in such a way that communicates meaningful updates to them and taking into consideration the considerable costs associated with administering such contact, which contributes to the administrative expenses for which ICHEIC has been so fiercely criticized.

ICHEIC is aware that company and implementing organization letters that convey decisions to claimants are not always clear, easily understandable or for that matter very sensitive to the claimants. We have worked to address such issues previously, and we will continue to work on them. As part of the decision verification process that has been instituted in the ICHEIC London office, we are working with the various ICHEIC entities to ensure that all communication with claimants uses clear language and reflects appropriate thought and sensitivity to their situations.

Below are summaries of each claim identified at the September 16 hearing.

Zev Jalon

With regard to Mr. Jalon's specific claims, the relevant insurance company, Riunione Adriatica di Sicurtà Spa (RAS), has informed ICHEIC that it was necessary to coordinate with German federal and state compensation authorities about possible compensation obtained after World War II. The company has just recently received confirmation that a postwar compensation proceeding involving the insured individual had indeed taken place, but it did not cover insurance assets. We understand, therefore, that RAS is close to making final decisions on Mr. Jalon's claims and anticipates communicating with Mr. Jalon about these claims before the end of October. ICHEIC will follow up with RAS as well as with Mr. Jalon and other interested parties to ensure that the decisions are conveyed within the time frame indicated.

Esther Berger Lichtig

Unfortunately, as is the case with many claimants, Mrs. Lichtig has not received many updates about the status of her claims due to the volume of claims being handled by ICHEIC and participating companies. Her claim did not name a specific company, thereby making its investigation inevitably more complex than if it had named a company; rather than one specific insurer, her claim must be investigated by all participating companies that operated in Germany, or approximately 70 different insurers. During the course of its investigation, one such company, Generali, contacted her for further information because they thought they might be able to find a match with their records; after further research, however, Generali was unable to match Mrs. Lichtig's claim.

Mrs. Lichtig's claim remains on hold while further matching investigations are conducted on German records. ICHEIC is working closely with the German Insurance Association to implement the matching exercise that is called for under ICHEIC's agreement with the German Foundation and the German Insurance Association. When these efforts have been completed, we should be able to communicate more information to Mrs. Lichtig about her claim. However, at the present time, we are unable to provide an exact time frame for completing the investigation of this claim, which does not name a specific company.

Iga Pioro

Generali declined Ms. Pioro's claims on the basis that the policies do not show up in the 1936 Generali register or any records thereafter. The correspondence conveying these decisions should have provided a more thorough and understandable explanation for denying the claims, which I will do below.

The 1936 Generali register that is referenced in the correspondence refers to a set of records – which was created in 1936 for financial reserving purposes – containing information on extant policies. After 1936, only additions and deletions were usually printed as an economy measure, but Generali has done extensive rebuilding work and cross-referencing to its policies database and databased ledgers. Printouts of these lists survive for 1936 to 1944 and have been databased for Generali branches in a number of countries, including Poland. ICHEIC's Audit Mandate Support Group accepted this databased 1936 list as being complete for negative evidence purposes in deciding a claim relating to those countries; in other words, if a policy is not listed in this database prior to the beginning of the Holocaust era in a particular territory, then, in the absence of evidence to the contrary, the company can conclude that it was paid out, paid up, cancelled or otherwise terminated prior to the start of the Holocaust era, and thus decline the claim.

It would appear that the company did follow ICHEIC guidelines. The deemed start date for the Holocaust era in Poland is 1939. Generali declined Ms. Pioro's claims on the basis that the policies do not appear in the 1936 register or any records thereafter.

Felicia Haberfeld

Mrs. Haberfeld submitted four claims, but only one could be processed with an MOU company, namely Generali. Generali made an offer on the claim in January 2001 in the amount of \$500. This offer is currently undergoing further review between ICHEIC and Generali to determine if the original offer made should be increased in accordance with the final ICHEIC Valuation Guidelines that were issued in November 2002.

Mrs. Haberfeld's other three claims related to entities operating in Poland that are not affiliated with any ICHEIC companies and which were subsequently nationalized. These claims may be eligible for payment under the ICHEIC humanitarian payment process, which we anticipate will begin issuing decisions in early 2004. We will continue to advise you on developments with these claims.

Fanny Matalon

Mrs. Matalon appealed the initial decision made on her claim against Generali. Under the Generali Trust Fund's (GTF) appeals process – which is separate from ICHEIC, in accordance with the April 2001 agreement naming the GTF as the implementing organization for all claims made against Generali – the appeal was decided in Mrs. Matalon's favor in May 2003, unless Generali could provide evidence to the contrary within 45 days. After an unexplained delay, and following repeated efforts by Mrs. Matalon, the Washington State Insurance Commissioner and ICHEIC to ensure that this decision is carried out, as is called for under the agreement, the GTF issued a letter conveying an offer to Mrs. Matalon in a letter dated October 21, 2003. We will continue to follow up with the GTF to ensure that payment is made in a timely manner.

Israel Arbeiter

There has been no correspondence sent to Mr. Arbeiter regarding his claim, which did not name a specific insurance company but did name Poland as the country where the policy was issued. ICHEIC's standard practice is to send claims that do not specify a company to all participating companies that operated in a given country for investigation. All relevant companies to date have investigated their records but were unable to find a match with Mr. Arbeiter's claim. This claim also is being reviewed under the ICHEIC humanitarian payment program, where again, we anticipate starting to issue decisions in early 2004. We will continue to advise you on developments with this claim. The point is well taken, however, that this claimant has waited a considerable period of time for resolution of his claim. We hope to bring closure to Mr. Arbeiter's claim, as well as those of many other claimants, through the humanitarian payment process.

Oversight, Verification of Decisions, Monitoring Group (Questions 3, 10, 12, 13, 18)

Insurers are required to comply with ICHEIC standards in investigating claims. These include the ICHEIC relaxed standards of proof, Valuation Guidelines and five audit standards whereby the companies go through a rigorous audit process. Stage 1 of the audit process

essentially is an archives and systems review. Stage 2 of the audit process, covering the processing of claims, is about to begin for those companies which are audit compliant for Stage 1 (e.g., those companies for which the archive and systems review has been completed).

In the Stage 2 audit, each insurer's database of claims processed will be statistically sampled and the processing of the claims tested. During the Stage 2 audits, which cover the actual processing of claims by the insurers, the independent auditors will be instructed to refer any decisions which they regard as doubtful first to the company and, if necessary to ICHEIC for further investigation. The auditors will also be required to report the number of decisions that were reviewed and changed by the companies as a consequence of their referrals.

In addition to the audit process, further oversight of insurance companies and the way they process claims is part of ICHEIC's infrastructure. ICHEIC has raised 483 queries and questions with relevant companies as a result of the review in January 2003 of 2,200 decisions, which I outlined in my September 16 testimony. To date, companies have made 208 top-up offers to bring the original offer amounts in line with the final ICHEIC Valuation Guidelines that were issued in November 2002. Queries that remain outstanding are currently being followed up with the respective companies.

Since the January review, ICHEIC's London office has checked 500 declines and 1,125 offers that have been made by the companies. By applying knowledge of ICHEIC's relaxed standards of proof and Valuation Guidelines, members of the claims team can verify that companies are making decisions in keeping with the relevant guidelines, that pertinent evidence is not ignored, and that responses to claimants are comprehensive and clear. As part of the verification process, each decision, whether an offer or a denial, must be justified by the company in question. If there is no justification or reason given for a company denying or making an offer on a claim the claims team will query such a decision with the company and ask that they supply a reason for their decision or otherwise re-evaluate the claim. Once the reason for a decision is received, this will be checked against the relaxed standards of proof and Valuation Guidelines by the claims team in the usual manner. If there are any further queries with such a decision, they will also be raised with the company in question. The claims team has developed a system to track and follow up on these queries at regular intervals.

Decisions will continue to be verified on a rolling basis, and a system has been instituted to ensure that all decisions made since the beginning of the ICHEIC claims process are verified to be in accordance with ICHEIC procedures. The claims team also will conduct a separate and ongoing verification exercise that focuses specifically on well-documented denials. This has been established to ensure that "flagrant disregard by companies of evidence supporting claims" does not occur. As this verification is being conducted on a rolling basis, no time line has been agreed for the completion of this work, since it will continue for as long as companies continue to make decisions on claims.

The process described above has been designed to ensure that insurance companies follow ICHEIC guidelines for every decision that they make. Previous difficulties with companies not responding to queries in a timely manner will be addressed through follow-up at regular intervals. If a query to a company is not resolved within the established time frame, it

again will be raised with the company. Should a query remain unanswered for an unacceptable amount of time, we will take steps to apply pressure to the companies where necessary, thus ensuring the continued effectiveness of the claims team as a means of receiving prompt responses on the issues about which they inquire.

We have been working with the Generali and the Generali Trust Fund to ensure that they follow ICHEIC guidelines with regard to providing thorough explanations of why claims are denied, as well as in other areas. Unfortunately, it is accurate that this has not always been the case in the past, and we are pressing for rectification. The dialogue with regard to this and a number of other issues related to Generali and the Generali Trust Fund is ongoing, and we hope to reach satisfactory resolution soon.

With regard to the actions of other participating ICHEIC companies (i.e., aside from Generali and the Generali Trust Fund), at this juncture we hold the view that inconsistent application of claims guidelines and improper denials appear to stem from the genuine mistakes of individual company assessors, rather than from a systematic attempt to flout previously agreed procedures by the companies as a whole. I say this based on the rather random and varied nature of mistakes found by the claims team during routine verification of decisions (i.e., no one guideline is being “ignored” wholesale) and in the fact that companies are generally responsive to such queries with either an amended decision or a further explanation of their original decision.

I recently have asked Lord Peter Archer of Sandwell to conduct another Monitoring Group exercise, following on from the original effort that he led in 2002. The two areas in which I would find Monitoring Group review and evaluation particularly helpful are as follows:

- To evaluate the claims verification process that we have designed and are implementing in the ICHEIC London office. Since some form of verification was a central recommendation of the Monitoring Group last year, it is necessary to assess whether the system we have put in place is working in the manner and with the effect that the Monitoring Group envisioned.
- To examine how effectively and efficiently ICHEIC member companies and the Generali Trust Fund are matching all possible information from their databases with information ICHEIC and claimants provide, to generate the most possible information with which to evaluate a given claim.

Efforts are underway to develop a work plan for the Monitoring Group, which again will consist of representatives of U.S. state insurance regulators and Jewish organizations, as well as company representatives should they elect to participate.

Publication of Lists, Archival Research, Claims Filing Deadline (Questions 4, 6 and 7)

With regard to publication of lists of policyholders who were potentially victims of the Holocaust, I must correct for the record the mistaken impression that the ICHEIC MOU

establishes an “obligation for companies to disclose Holocaust-era policies issued from 1920 to 1945.” Paragraph 4 of the MoU begins as follows:

The IC shall initiate and conduct an investigatory process to determine the current status of those insurance policies issued to Holocaust victims during the period of 1920 to 1945 for which claims are filed with the IC...

It then continues:

...As part of the audit mandate, the IC will address the issue of a full accounting by the insurance companies and publication of the names of Holocaust victims who held unpaid insurance policies.

If such a broad obligation did exist, it would be impractical and be of limited value for the following reasons:

- The numbers of policies issued during the period 1920 – 1945 would run into tens of millions and the cost of databasing from old microfiche, film and paper records would be prohibitive;
- The pre-war Jewish proportion of the population in the ICHEIC’s Audit Standard 1 list of countries ranged from 9.7% in Poland to 0.1% in Italy. If one assumes, in general, a propensity to insure by Jewish communities of two times population in terms of policy numbers, then between 80% and 99.8% of such a listing would serve no purpose;
- Some of the companies simply do not have the records, given the ravages of war, the passage of more than 60 years and the destruction of documents in the normal course of business.

Furthermore, the targeted approach which ICHEIC has undertaken to find and make known the names of policyholders who were likely to have been Holocaust victims is in keeping with ICHEIC’s mission, which is to help identify and pay the previously uncompensated insurance policies of Holocaust survivors and the heirs of those who did not survive. Mass publication of policyholder names – names that have no conceivable relationship to the Holocaust – would likely result in thousands of unrelated claims inquiries that would nonetheless need to be handled fully in accordance with ICHEIC’s claims procedures. It also would cause further delay in settling the claims of Holocaust survivors and victims’ heirs who have waited far too long for some measure of justice. Furthermore, it would significantly increase the financial costs required to administer the claims process.

The initial work performed by Yad Vashem for ICHEIC in matching the list provided by Generali with the lists of Holocaust victims contained in their database was completed in November 1999. Yad Vashem did a series of runs comparing the two sets of data according to different criteria:

1. Exact matches in the names and dates of birth

2. Good matches using spelling variants, such as East European conventions in patronymics, female endings, and other suffixes, plus obvious spelling errors
3. Matches on names and name variants only, without dates of birth.

ICHEIC published the resulting 8,740 policyholder names which were found to be full or probable matches on its website in April 2000. An additional 12,005 names were found to be possible matches, and it was agreed that Yad Vashem would input additional information, to be supplied by Generali, to refine that list. However, a dispute between Yad Vashem and a subsidiary of IBM over software licenses held up further work and was not resolved until July 2001. Following resolution of this matter, Yad Vashem resumed work on the broader run based on names and name variants only.

At the time this issue was relevant to the then-ongoing negotiations (which began in mid-2000) with the German Foundation and the German Insurance Association. Until those negotiations were completed and the requisite work to compile a list of German Jewish policyholders, it was not accepted by all parties that a name-only match was useful to the claims handling process, because without essential supporting information, no claim based solely on identity of names would be regarded as satisfying ICHEIC's relaxed standards of proof. Only when the publication of the fuller German Jewish policyholder list of 360,000 names in April 2003 was it agreed that the publication of names would serve a purpose in its own right as a method of outreach. However, there is still no question that a claim must have more information than is contained in a match with the website lists in order to satisfy these relaxed standards. As I stated in my September 16 testimony, simply finding a name on a list does not mean that there is a previously uncompensated policy in existence. Further investigation of the claim according to ICHEIC claims handling procedures must be undertaken.

The remaining 35,000 names resulting from the Yad Vashem exercise were published on the ICHEIC website in August 2003 and covered those matches between the Generali list of policyholders and Yad Vashem's lists of Holocaust victims which did not have a date of birth on one set of records or the other.

A final matching exercise involving Generali's Italian portfolio and a list of Italian Jewish residents recently has taken place. We are in the process of finalizing the results for publication on our website by the end of this month. While the exact number of matches has not yet been finalized, we anticipate that there will be fewer than 800 additional policyholder names published.

With regard to additional investigation into certain Eastern European archives, ICHEIC is working with the State Department to press certain Eastern European governments to make their archives available to ICHEIC researchers. ICHEIC staff has recently consulted with archival experts to determine the likely locations of historical records that have not yet been examined for purposes of providing additional evidence in the claims process. We are working with the State Department's Special Envoy for Holocaust Issues to formulate appropriate high-level requests to Polish, Hungarian, and Romanian archival and governmental officials to press for their full cooperation. As I mentioned in my testimony, one area where Congress could be helpful is in passing a sense of Congress resolution to put further pressure on these governments.

Any additional information that ICHEIC is able to obtain through further research into Eastern European archives will be used in our internal matching process to provide as much evidence as possible in an effort to assist in the matching of claims filed with policyholder information. Let me reiterate that anyone may file a claim with ICHEIC regardless of whether they find a family name on a published list. Individuals who believe that a family member may have had an uncompensated Holocaust-era European insurance policy should file a claim before the filing period ends on December 31, 2003.

Criteria used by Companies (Question 5)

The criteria established for an “exact match” is exact spelling of surname, given name and date of birth. As described in my September 16 testimony, we also use Soundex matches for names and different formulations for close date of birth. The example cited in your question would not be a good match, and except in exceptional circumstances, only a possible match.

This kind of possible match does not meet the ICHEIC’s stated standards. However, in such a case, the quality of the information needs to be taken into account. If, for instance, the first and last names occurred frequently, the city was large and the dates of birth bore no resemblance and were maybe 30 years apart, the claim might be denied absent any other information. On the other hand, if the names were rare, the city or town small and the dates were close in time or differed by one or two digits, the quality of the match would be very much higher and might well be accepted. The quality of the name matches is also relevant – whether they are exact, close or merely possible.

Each company has its own claims assessment team(s) working mostly with imprecise and incomplete data and employing various forms of analysis to account for name variations. For these reasons, the ICHEIC has prescribed only exact matches of first name, surname and date of birth as constituting a match. Attempts to prescribe any other combination could well have the effect of excluding a claim that did not meet them. This applies particularly to names that do not match exactly.

Reporting (Question 11)

The United States Government does not have oversight responsibility or authority over ICHEIC, which is an independent Swiss *Verein*. Furthermore, ICHEIC has no obligation to provide the detailed information required by this reporting provision and likely would not be able to do so, given data protection and privacy considerations. In fact, many of the claimants affected by this provision are not U.S. citizens and thus would have no connection whatsoever to the U.S. Department of State or the Congress. For these reasons, ICHEIC is not in a position to be able to provide the information that would satisfy the State Department’s reporting requirement.

Humanitarian Funds and related 8A Process, Berger compensation (Questions 8 and 9)

As I stated on September 16, 2003, in accordance with section 8A of the Memorandum of Understanding which established ICHEIC, we have established a humanitarian process by which victims of the Holocaust and their heirs will have the opportunity to receive humanitarian payments on insurance policies from the Holocaust era that cannot be attributed to any particular insurance company. Former National Security Advisor Samuel R. Berger is serving as a Senior Counselor to ICHEIC to develop criteria for evaluating these claims and otherwise advising on the process. His services are funded through ICHEIC humanitarian fund administrative oversight accounts, in accordance with the terms of the German Foundation agreement.

We have been exploring the possibility of an ICHEIC service corps for college age students. This idea originated from a meeting held in November 2002, which included a variety of representatives of Jewish Organizations that take part in the ICHEIC process and representatives of the offices of several U.S. insurance commissioners. The service corps, and any program that is ultimately funded by humanitarian funds received by ICHEIC, will be presented for the discussion and approval of the full ICHEIC.

We do not anticipate a competitive grant process for the allocation of remaining humanitarian funds. During 2003, ICHEIC canvassed the humanitarian community to hear as many voices as possible with regard to the greater Jewish communities' and U.S. insurance regulators' views about how the humanitarian funds should be spent. As a result of this consultation, ICHEIC made a 10-year commitment to fund \$132 million in social welfare benefits, including home care for needy Jewish victims of Nazi persecution worldwide, and a commitment was made that most of the funds available for humanitarian purposes will be reserved for the benefit of needy Holocaust victims worldwide. Also, as a result of two meetings held with Jewish representatives and insurance regulators, and the information gathered from canvassing the broader community, a few ideas were presented for a small number of other worthy projects, one being the volunteer service corps. However, it is worth repeating that the volunteer service corps project, and any other proposal for funding humanitarian endeavors will be brought before the full ICHEIC for discussion and approval prior to the grant of any financial award.

Statistical Reporting and Appeals (Questions 14 and 17)

ICHEIC's improved statistical reporting format, which reflects significant efforts by Member companies and ICHEIC staff in verifying the figures contained therein, will be launched this week and thereafter will be made available on a biweekly basis. The report contains key details on claims processed, offers made and denials.

ICHEIC is in the process of developing a reporting format on the results of ICHEIC appeals, which will address concerns regarding consistency in the treatment of claimants. We expect to finalize the reporting format and content following consultation with the independent arbiters who decide the appeals. Because there is a linkage between offers accepted and appeals, we will be reporting information on the number and amount of offers accepted by claimants with

the appeals report, which, when it is finalized, we would plan to append to the regular statistical claims report.

For a variety of reasons, I am unable at this juncture to provide an accurate prediction on the overall amount of money that will be paid out in claims when the ICHEIC process is complete. I am confident, however, that there are sufficient funds available to pay claims, related administrative expenses and still have funding available for assistance to needy Holocaust survivors and other humanitarian endeavors.

Budget (Question 15)

Of the total funds received from companies and through settlements, approximately \$179 million is earmarked for claims payments. To the extent these funds are not ultimately used for claims payments, the amount remaining after all claims obligations have been satisfied will be available for humanitarian purposes. A further \$192 million received is specifically designated for humanitarian purposes, including humanitarian claims payments (blocked accounts, top-ups, claims for which no company can be identified), as well as social welfare and other holocaust related humanitarian endeavors. Seventy-three million dollars is available for ICHEIC operating expenses and \$22 million is available for any of the above mentioned uses and now resides in a trust, separate and apart from the other funds. To the extent that funds in this trust are not used for paying claims or administrative expenses, they will go to the humanitarian fund.

Website (Question 16)

ICHEIC has made all reasonable efforts to furnish all relevant information and documents to interested parties since its establishment. One tool by which we have made available materials, including claimant forms and ICHEIC's agreements with insurance companies, is our web site www.icheic.org. This week ICHEIC launched its entirely redesigned web site that offers user-friendlier access to information in a multi-lingual environment to our global readership and claimants.

The new web site features multiple points of access to documents and useful material. Each reference to a document, agreement or memoranda will link directly to the target document (available in the universally-compatible PDF format). The site will feature an interactive timeline of ICHEIC's history (located in the "About ICHEIC" section), through which all documents can be accessed in their chronological order of release. The site will also offer a "Document Center," in which all available material will be categorized and posted online. At its launch, we anticipate that the following categories of materials will be available:

1. ICHEIC Quarterly Reports
2. Financial Reports
3. ICHEIC Agreements with Insurance Companies
4. ICHEIC Claims Packet Materials (in over 23 languages)
5. ICHEIC (Procedural) Documents
6. Organizational Outreach Materials

This section will grow organically as ICHEIC works to fulfill its mission and as new agreements, documents are prepared. 9th Insight, Inc., a Washington D.C. area-based design firm, designed and restructured the website for ICHEIC at cost.

I appreciate the opportunity to provide the Committee with this information.

Sincerely,

[Signature Removed]

Lawrence S. Eagleburger
Chairman