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Ombudsman Post Raised for Holocaust-Era Insurance Group

By Matthew E. Berger

WASHINGTON, Oct. 30 (JTA) - The commission responsible for Holocaust-era insurance claims is considering appointing an ombudsman to bolster its credibility following recent criticisms and lawsuits.

The International Commission for Holocaust Era Insurance Claims agreed Wednesday to explore the ombudsman idea, proposed at ICHEIC's annual meeting by several representatives of Jewish organizations that sit on the commission.

ICHEIC and its chairman, former Secretary of State Lawrence Eagleburger, have been accused of not working fast enough to provide payments for Holocaust survivors and their heirs.

Last month the commission was sued by three Holocaust survivors in California. One member of the commission, California Insurance Commissioner John Garamendi, called on Eagleburger to resign.

Garamendi was offered the floor at the beginning of Wednesday's annual meeting to bring up any motions he wished, but he declined, participants told JTA.

Instead, Garamendi made comments and asked questions throughout the morning session, questioning the number of payments being reviewed and asking why so many claims have not been paid.

He left during the lunch break, hours before the meeting officially broke up, and was unavailable for comment later in the day.

Other commission members said Wednesday that they hoped reforms being implemented by ICHEIC will speed the payment process. While survivors' frustrations are valid, they said, ICHEIC's task is more difficult than it appears because many of those seeking funds have no proof, just recollections of having purchased an insurance policy.

"Every conversation we have with ICHEIC is one that scrutinizes the process and creates changes," said Greg Serio, the New York state insurance superintendent. "There's no blueprint for this."

The Jewish leaders believe that creating an ombudsman position would help survivors and their heirs seek redress from ICHEIC and illuminate the actions of insurance companies, which have been accused of slowing the payment process.

"I think it can work because he will be independent, he will have a high profile and he will be directly answerable to the chairman," said Elan Steinberg, a senior adviser to the World Jewish Congress who is crafting the ombudsman's job description.

The position also could address the concerns of ICHEIC critics who accuse the commission of being too close to insurers and of not working for survivors' interests.

Jewish groups, who met privately with Eagleburger before the Wednesday meeting, also asked that \$132 million in humanitarian aid for Holocaust victims - which was supposed to be transferred to the Claims Conference in 10 annual installments - be expedited.

The money now will be transferred within five years and will be "front-loaded" to tackle immediate needs.

"I know what the need is now," said Israel Singer, chairman of the World Jewish Congress, which is part of ICHEIC. "We are not going to leave this money for a period when the survivors are dead."

Singer, who also is president of the Claims Conference, said the humanitarian fund will not take money away from policyholders seeking redress from the commission. "We have to fight for policyholders like there were no humanitarian needs, and we have to fight for humanitarian aid like there were no policyholders," he said.

ICHEIC officials told commission members of several reforms implemented in the past year, including moves to speed the review of claims processed in Europe and improved coordination with state governments in Germany.

It also plans to increase communication and outreach to possible policyholders, exploring ways to reach the survivors and their heirs, and to publicize the work ICHEIC is doing.

"All parties are in agreement that we need to speed up the process," said Jody Manning, ICHEIC's chief of staff. "We are working to identify better ways to work with the insurance companies."

ICHEIC's chief operating officer, Mara Rudman, said she believes insurance companies are cooperating with ICHEIC now.

"I don't believe that has always been the case," she said.

Rudman said the latest deadline for filing claims, Dec. 31, 2003, will be the last extension, and ICHEIC hopes to conclude its mission a year later.

Despite the public criticism of ICHEIC's practices, commission members repeated their support for ICHEIC's work and for Eagleburger, who has said he will not resign.

"ICHEIC is clearly imperfect, but it is the best of the existing alternatives," Steinberg said. "It's better than fee-grabbing lawyers."

In a suit filed last month, survivors Jack Brauns, Manny Steinberg and Si Frumkin, all Los Angeles-area residents, charged that ICHEIC had improperly delayed or denied payments totaling more than \$1 billion on policies held by survivors or heirs of those who died in the Holocaust.

"This is a commission that is supposed to help survivors," William Shernoff, the plaintiffs' lawyer, said when the lawsuit was announced. "But from what we see, they are helping the insurance companies more than survivors."

The suit seeks Eagleburger's resignation, saying his salary - which they estimate at over \$300,000 a year - is paid for by the insurance companies, and that therefore he is working for their interests.

Shernoff said Holocaust survivors and their heirs should also maintain the right to use litigation, instead of ICHEIC, to gain money they may be owed.

Shernoff said that he believes an ombudsman would be a step in the right direction but said ICHEIC meetings should be open to the public.

Jewish leaders support survivors' right to sue, but say ICHEIC is a better system because it provides relief for thousands of survivors who do not have the physical proof of a policy that they likely would need to win a court case.

The suit was filed under California's Unfair Business Practices statute, though it's unclear whether ICHEIC can legally be defined as a business.

Founded in 1998 by the National Association of Insurance Commissioners, ICHEIC has encountered repeated problems in the past two years. Eagleburger threatened to resign last year after difficulty securing cooperation from German insurance companies.

Garamendi has come under criticism from other participants in the ICHEIC process for working around the system and has been accused of using ICHEIC for political gain.

"It's very easy to argue this process isn't working at peak efficiency," Serio said. "But there are groups here that four years ago weren't talking to one another."

Garamendi also has received more than \$60,000 in campaign contributions from Shernoff's law firm, which specializes in insurance law, since 2001.