

QUARTERLY REPORT

March 2005

The International Commission
on Holocaust Era Insurance Claims

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Recent Events

We begin this edition of the Quarterly Report with a review of recent ICHEIC events:

- ICHEIC's latest statistical report, released on 4 March 2005, details the distribution of **\$116.81 million** to date as a result of the ICHEIC process.
- ICHEIC extends its appreciation to Gregory Serio, who resigned as Superintendent of the New York State Insurance Department in January and who had chaired both the National Association of Insurance Commissioners (NAIC) Holocaust Issues Task Force and ICHEIC's Operations Committee, for his contribution to ICHEIC's work. ICHEIC welcomes Howard Mills, Acting Superintendent of the New York State Insurance Department.
- On 6 December, Mara Rudman attended the quarterly meeting of the NAIC in New Orleans, where she reported on ICHEIC's progress in the previous quarter.
- ICHEIC terminated its contract with the Generali Trust Fund (GTF) effective as of 30 November 2004. The GTF had previously served as the claims processing entity for claims naming Generali. This function has now been transferred to the Generali Policy Information Center (PIC) in Trieste, Italy. ICHEIC has worked closely with Generali to implement the necessary claims processing capacity there. For more detail on this transfer of claims processing responsibilities, please refer to the "Claims Processing" section of this report.
- On 16 November, ICHEIC Commissioners, Alternates, and Observers met in Washington. The meeting included an update from ICHEIC staff on all operational aspects of the claims process, as well as discussion of the steps necessary to complete processing of all claims. ICHEIC's member companies committed to work toward a goal of completing processing of all claims by December 2005.
- ICHEIC began funding \$17 million for the third year of social welfare programs for needy Nazi victims worldwide implemented by the Claims Conference and approved funding for (1) an additional year of programming of the ICHEIC Service Corps at the University of Miami and in New York City; (2) a second pilot year of the Initiative to Bring Jewish Cultural Literacy to Youth in the Former Soviet Union; and (3) a Yad Vashem pilot program focusing on Holocaust education in Europe.

Special notice for ICHEIC representatives: Please note that the next ICHEIC meeting is scheduled for 25 May 2005 in Washington, DC.

Closedown Planning

Following preparation for the November 2004 ICHEIC meeting and direction provided from that meeting, ICHEIC staff have developed mechanisms to monitor monthly progress toward closedown and to take the actions necessary to increase the capacity of member companies to reach decision-making target rates.

These target rates are set to ensure that all companies will have completed review of all unnamed and named claims, for which compensation research is complete, by the close of 2005.

Additionally, in response to concerns raised by US insurance regulators and others, ICHEIC staff are reviewing Appeals Office administration to recommend ways in which the processing of appeals might be improved (without impact on quality of decision-making) to ensure full consideration of all outstanding appeals by mid-2006, in as cost effective a manner as possible.

Since January 2005, the ICHEIC Operations Committee convenes monthly via telephone conference calls in order to provide comprehensive and ongoing oversight of all efforts related to closedown.

ICHEIC has focused on four key closedown-related challenges reported at the November meeting:

(1) The timely provision of accurate materials to companies by ICHEIC and/or CLMS, which affects companies' ability to carry out their work in a timely manner.

We have been ironing out issues related to significant increases in the workload of ICHEIC to carry out a number of functions for which our outsourced claims processor, Capita London Market Services (CLMS), was previously responsible. These include a newly implemented electronic document management system and additional personnel to manage and staff the distribution of information. These adjustments were intended to help ICHEIC address the concerns raised by claimants, companies, US state insurance regulators, and other ICHEIC stakeholders, and ensure that companies receive reliable information in a timely manner.

We learned that some companies felt inadequately prepared by ICHEIC for the new manner in which material was being delivered; we are now working with each company individually to ensure that they receive the information they need in the manner most likely to add to the efficiency of their decision-making process. We also have had some inevitable challenges as a result of the significant change in technology that ICHEIC has undergone; we are confident that these challenges have largely been addressed and all involved in the coming months will see the benefits of the changes we have implemented.

We also have made and will continue to make staffing changes, adjusting, fine-tuning, and moving responsibilities between and among ICHEIC staff in London and in

Washington, to ensure maximum attention to areas most relevant to completing review and decision-making on all unnamed and named claims by the close of 2005, and similarly, to ensure that the audit and appeals processes are structured to keep pace with our closedown timeline.

(2) The rate of decision-making on German insurance industry and Generali claims

German Insurance Industry

With respect to the GDV and German companies' work, ICHEIC notes with appreciation that Dr. Jörg Freiherr Frank von Fürstenwerth, Chief Executive Officer of the German Insurance Association (*Gesamtverband der Versicherungswirtschaft*, or GDV), attended ICHEIC's November 2004 meeting as an observer.

As detailed later in this report, Operations Committee Chairman Gregory Serio asked Catherine Lillie of New York State's Holocaust Claims Processing Office, joined by Anne Marie Burnsed of ICHEIC, to visit key German companies, the German Foundation "Remembrance, Responsibility and Future," the GDV, and the *Bundeszentalkartei* (the German federal central filing agency, or BZK) in January to assess all possible obstacles toward meeting closedown deadlines, and to recommend measures necessary to remove such obstacles. As a result of hard work (and increased staff) at the GDV and those German companies handling the greatest volume of claims, and concomitant steps within ICHEIC resulting from Ms. Lillie's and Ms. Burnsed's trip, we expect to see decision rates at key German companies rise to meet monthly targets and continue to improve through the course of the spring.

Generali

As we reported in the October Quarterly Report, and as discussed at some length at our November meeting, completing processing work on Generali claims may be our biggest challenge, largely because of problems we had with the pace and the quality of work carried out by the Generali Trust Fund (GTF), an implementing organization with which ICHEIC signed an agreement to process Generali claims.

Chairman Eagleburger decided that it would not be possible to ensure the quality and pace of decision-making on Generali claims that ICHEIC required if ICHEIC continued its contractual relationship with the GTF. For this reason, he terminated that agreement effective 30 November 2004. Since that time, we have transferred to Generali all outstanding, Generali-bound unnamed claims (for review), and named claims (for decision-making).

ICHEIC also has been making payments on all outstanding GTF offers. This task has been made more difficult by the GTF's unwillingness (as yet) to provide ICHEIC with copies of all decision letters, relevant materials in these "closed" files, and claimants'

consent and waiver forms. As a result, ICHEIC has been reconstructing the necessary files. As necessary, and with help as possible from US state insurance regulators, ICHEIC has contacted GTF claimants whom we believe have received offers to obtain the necessary consent and waiver forms so that payment can be made. (This process is detailed further in the “Claims Processing” section of this report.)

With respect to the significant burden that Generali has now assumed, ICHEIC is working to find ways to help Generali focus its efforts on tasks only Generali can perform – e.g. reviewing and deciding claims – while ICHEIC steps in to administer the payment process, and to help organize paperwork and relevant data so that it can be most effectively and efficiently processed by Generali.

To further assist Generali in increasing the pace of decision-making, Catherine Lillie, Anne Marie Burnsed and representative ICHEIC staff from the ICHEIC London office have been asked by the Operations Committee chair to travel to Trieste to undertake an analysis similar to the work that was done with respect to the German market. They will report to the Operations Committee on this trip preliminarily later this month and in more detail during the April teleconference.

(3) The audit timeline

With respect to audits, in this report we describe the timelines for various remaining Stage 1, Stage 2, and BaFin audits. We will continue to consider various measures to streamline audit processes while preserving the mission for which these processes were created.

(4) The appeals process timeline

We continue to be concerned about the pace of appeals decision-making, and the resulting high cost per decision. While the Appeals Tribunal¹ has been working very efficiently, it will soon be assuming consideration of all Generali appeals, as well as appeals on GTF decisions for which claimants were not notified of or otherwise lacked the opportunity for an appeal through the GTF appeals process. The Appeals Panel², despite a July 2004 decision to allow appeals to be decided by a single Panel member rather than by the full Panel, continues to complete appeals at a much slower pace than has the Appeals Tribunal, which contributes in part to a much higher per-decision cost. ICHEIC staff will be exploring over the coming months how the Appeals Office might adjust responsibilities and nature of staff work to maximize efficiencies, including that of judges’ time in considering appeals cases.

¹ The Appeals Tribunal considers appeals on decisions from ICHEIC member companies AXA, Generali, Winterthur, and Zurich as well as those against Allianz and Allianz RAS that were dated prior to 16 October 2002.

² The Appeals Panel considers appeals on decisions from German insurance companies and the German subsidiaries of non-German companies as well as those against Allianz and Allianz RAS that were dated after 16 October 2002.

Claims Processing

Statistics

As of 4 March 2005, there have been 5,436 offers made to ICHEIC claimants totaling \$85.70 million. This represents an increase of 1,031 offers and \$17.22 million since the October 2004 Quarterly Report. To date, ICHEIC companies have made a further 762 offers amounting to \$14.88 million on claims submitted directly to them. Accordingly, offers made using ICHEIC valuation guidelines amount to \$100.58 million.

In summer 2004, ICHEIC began evaluating claims naming companies that were nationalized or liquidated, or for which no present-day successor could be found. Since such claims could not be sent to a company or claims processing entity, they are being examined under ICHEIC's humanitarian claims process. ICHEIC has received approximately 5,000 such claims. A pilot review of 600 claims led to \$2.38 million in offers on 158 claims in October 2004. These figures are included in the "offers made to ICHEIC claimants" total listed above. We estimate that the panel reviewing these claims will complete its decision-making on the remaining claims in summer 2005.

Since April 2004, ICHEIC has also sent out 16,224 humanitarian awards of \$1,000 each, totaling \$16.22 million. These payments, issued on a per-claimant basis, went to claimants with unnamed and presently unmatched claims who were determined to be eligible according to established guidelines.

Including main claims process awards and humanitarian claims process awards, total offers resulting from the ICHEIC claims process now amount to \$116.81 million.

ICHEIC has received 80,671 claims eligible for processing under ICHEIC guidelines, representing a net increase of 902 claims in the last quarter. The increase in the number of eligible claims is due to claims created as a result of (1) ICHEIC research database matches, (2) matches made by German companies on unnamed claims, and (3) ICHEIC's agreement with the Austrian General Settlement Fund to handle insurance claims submitted to the GSF but naming an ICHEIC member company.

Additionally, ICHEIC has received 39,517 inquiries to date that are outside the scope of its mission. These inquiries have been directed to other restitution organizations as appropriate. For more detailed statistical information, please visit the ICHEIC website to view the latest Statistical Report.

Generali

Generali Work Plan Developed and Implemented

As indicated above, ICHEIC terminated its contractual relationship with the Generali Trust Fund (GTF) as of 30 November 2004. When Chairman Eagleburger decided to terminate the GTF contract, ICHEIC started working with Generali to implement a plan to reinstate full claims processing operations at the Generali Policy Information Center (PIC) in Trieste, Italy. Between November 2004 and February 2005, ICHEIC and Generali have taken the following steps:

- ICHEIC agreed to receive and answer all communications regarding GTF-Generali claims, so that Generali could concentrate efforts on claims processing.
- Generali enhanced its Policy Information Center staff to meet increased claims processing needs.
- ICHEIC wrote to all claimants with outstanding named Generali claims³ informing them of the termination of the ICHEIC-GTF contract and the transfer of their claims to the Generali PIC.
- ICHEIC transferred to the Generali PIC electronic data for all named and unnamed claims referencing Generali shown as outstanding in the ICHEIC claims database.
- Generali and ICHEIC worked with the GTF to obtain all files of outstanding (undecided) claims. GTF provided these files to ICHEIC. ICHEIC inventoried and inspected the files, and added supplementary documentation where necessary. ICHEIC then forwarded the files to the Generali PIC for processing.
- Generali and ICHEIC have reinforced points of contact at all staff levels to ensure that issues arising in the processing of claims by the Generali PIC may be addressed and resolved quickly.

Payments Made by ICHEIC on Outstanding Offers Extended by the GTF

Making payment on offers that had been tendered by GTF is among ICHEIC's most critical tasks related to GTF contract termination. Outstanding "top ups" are included in the payments that ICHEIC is making. ("Top-ups" are additional payments on already paid offers that reflect adjustments made following verification reviews.) ICHEIC established a payment operation to ensure that such offers are paid as promptly as possible.

³ Claimants with unnamed claims bound for Generali were not informed of the GTF-Generali transfer because companies and claims processing entities do not communicate directly with claimants in regard to unnamed claims. Claimants with unnamed claims bound for Generali will be informed of the resolution of their claims by ICHEIC once all companies to which the claim has been sent have issued decisions.

First, ICHEIC reconciled its records of offers made but not paid with the GTF's records of such offers. ICHEIC obtained a list of these outstanding offers from the GTF. Unfortunately, ICHEIC's multiple requests to the GTF failed to yield the decision documents underlying this list and necessary to proceed with payments (consent and waiver forms, agreements to share payment with other rightful heirs, banking details, and, in some cases, actual decision letters).

Second, not wanting to risk further delay by awaiting the GTF's compliance with these outstanding requests for documents and with assistance from US insurance regulators, ICHEIC contacted claimants with outstanding GTF offers and requested copies of offer documents. In cases where claimants were unable to provide copies of offer documents, ICHEIC provided substitute documentation for the claimant to sign and return.

Finally, upon receipt of completed offer documents, ICHEIC's Washington, DC office initiated payments. To ensure that offers adhere to ICHEIC guidelines, interest is updated to account for any delay in claimants' receipt of payment.⁴ Claimants receive funds two to four weeks after ICHEIC receives their completed offer documents.

To date, ICHEIC has paid \$4 million on GTF outstanding offers. ICHEIC hopes to have completed payments on all remaining outstanding offers in the near term.

Payment of Future Generali Offers

To help Generali focus attention and resources on claims review and decision-making, ICHEIC will run payment operations for Generali offers going forward. We expect to transfer many aspects of the payment operations that we already have in place for outstanding GTF offers.

In the case of Generali payments, unlike those of GTF, Generali will collect offer documentation from claimants and forward offers to ICHEIC for payment. This system follows substantially the same procedure as that for ICHEIC's payment operations for GDV offers. In the case of Generali, however, ICHEIC will act as the paymaster, where on GDV offers, the GDV has that role.

⁴ The ICHEIC Valuation Guidelines stipulate the manner in which offers account for interest accrual. For the year in which the offer is made, interest is calculated in units of so many twelfths of the agreed-upon interest rate for the year of the offer. This includes the month in which the offer was made *plus two twelfths* to account for time elapsed between a company's extension of an offer and their receipt of completed offer documentation from the claimant, at which time payment is made (for example, an offer made in June would add a further 8/12ths of the agreed-upon interest rate for the year of the offer). As such, for GTF offers where the time elapsed between the offer date and ICHEIC's payment of the offer is longer than accounted for in the original two-twelfths allowance, interest is updated accordingly to account for the delay in claimants' receipt of payment.

GDV/German Foundation/German Companies/German Archives

As highlighted above, former Operations Committee Chairman Gregory Serio asked ICHEIC to gather information for the Committee on claims processing efforts in the German market. Anne Marie Burnsed of ICHEIC and Catherine Lillie, Director of the New York State Holocaust Claims Processing Office, met with representatives from Allianz, AXA, Victoria, the GDV, and the BZK the week of 10 January.

The purpose of the meetings was to gather information on what the companies and other German entities are doing to meet the goal of completing claims processing by the end of 2005. This information provided the Operations Committee with a window into companies' progress and potential claims processing hurdles, enabling the Operations Committee, ICHEIC staff, and the companies/GDV/BZK to work together to overcome obstacles.

Payments under the ICHEIC-GDV-German Foundation Agreement

The payments made from October 2004 to January 2005 pursuant to the 16 October 2002 agreement among ICHEIC, the German Foundation "Remembrance, Responsibility and Future," and the GDV are listed below.⁵

	Payments	Claimants	Claims	Total (€)	Total (US\$)
October ^(a)	158	132	133	64,548.01	1,024,233.61
November ^(b)	149	132	130	74,018.78	1,547,334.39
December ^(c)	142	132	128	206,719.49	1,515,714.87
January ^(d)	143	122	137	91,236.74	1,533,104.02
TOTALS	592	518	528	€436,523.02	\$5,620,386.89

(a) October payments included 1 Appeals Panel and 14 Appeals Tribunal awards.

(b) November payments included 3 Appeals Panel and 19 Appeals Tribunal awards.

(c) December payments included 2 Appeals Panel and 6 Appeals Tribunal awards.

(d) January payments included 3 Appeals Panel and 8 Appeals Tribunal awards.

ICHEIC Actions to Enable Companies to Make Decisions on all Claims

Distribution of Claims to Companies and Claims Processing Entities

Since the last Quarterly Report, ICHEIC and CLMS distributed all claims eligible for processing under ICHEIC guidelines to companies and claims processing entities. Going forward, the only new claims distributed by ICHEIC will come from the first category described in the October 2004 report, namely claims that result from matches located in

⁵ These figures reflect the most up-to-date statistics available from the GDV.

the ICHEIC research database or internal company records.⁶ Such claims are created when a match (or matches) to an existing claim (or claims) pertain(s) to companies or policies not referred to in the existing claim(s).

Improved Management of Data and Records

The installation, testing, and launch of ICHEIC's electronic document management system (DMS) proceeded as described in the October 2004 Quarterly Report. A detailed description of the DMS may be found in the October 2004 Report.

Thanks to the DMS, ICHEIC stakeholders should notice increased efficiency in ICHEIC's provision of claim-related documents, including copies of decision letters for US state insurance regulators or copies of entire claim files to ICHEIC member companies and claims processing entities. ICHEIC continues regular dialogue with its stakeholders to identify the best ways in which the DMS can speed exchange of documents and information.

Finally, the DMS has provided ICHEIC with additional capability to receive, assign, track, and resolve queries, thereby increasing efficiency.

Tasks Taken on by ICHEIC from CLMS

As indicated in the October 2004 Quarterly Report, in the rundown of the claims process, ICHEIC has taken on from CLMS major remaining operational claims processing functions. The DMS has been critical to the transition of these functions, which include receiving, inventorying, and actioning all incoming correspondence; provision of claim files to companies; and recording of key claim details (e.g., receipt of company decisions).

In addition, ICHEIC is in the process of placing a member of the Claims Team at the ICHEIC Call Center so that he or she can act as a direct liaison with larger ICHEIC companies and work with Call Center employees to close out company requests for additional information from claimants. This Claims Team member will work to ensure that companies have everything needed to make decisions on outstanding claims by the close of 2005.

⁶ Two additional matching processes should be added to this list as possible sources of new claims: 1) Matching between the ICHEIC claims database and the German policyholder database, and 2) Matching between the ICHEIC claims database and the AWZ electronic policy lists. Please see the 'Matching' section of this Report for further details of these two processes.

Responding to Regulator Queries

Below please find statistics quantifying ICHEIC's responses to regulator queries on individual claims. These statistics do not include queries answered directly by senior ICHEIC staff members.

	Current Queries ^(a)	Claims	Total Queries ^(b)
California	275	250	848
Florida	25	24	124
Nevada	4	2	5
New York	77	100	2,690
Texas	9	12	35
Washington	32	46	348
Other	71	84	320
TOTALS	493	518	4,370

(a) For the period 13 October 2004 to 1 March 2005, most of which have had responses sent.

(b) This column refers to the cumulative total since ICHEIC began keeping these statistics in November 2003.

Verification

The May 2004 ICHEIC Quarterly Report included a detailed description of ICHEIC verification. ICHEIC continues regular communication with companies to ensure that verification queries are resolved expeditiously. The most recent statistics on ICHEIC verification appear below.

	Through Oct 2004	Current Period ^(a)	Total
Decisions Verified	9,686	1,562	11,248
Queries Raised	877	31	908
Queries Resolved^(b)	480	98 ^(c)	578

(a) October 2004 to January 2005.

(b) Of the 330 outstanding queries raised, 252 are from the February/March 2004 large-scale verification effort described in the May 2004 Quarterly Report. Many of these queries are on decisions made in accordance with ICHEIC guidelines at the time decisions were made, but which require updating to account for subsequent changes in ICHEIC guidelines, rather than queries regarding manifest discrepancies between companies' original decisions and ICHEIC guidelines. ICHEIC continues to communicate with companies to resolve these queries as soon as possible. Over 50% of these outstanding February/March 2004 queries are for GTF decisions; ICHEIC is working with Generali to determine the most expeditious method of resolving these queries.

(c) More queries were solved than raised in the current period due to replies on prior period queries.

Research and Matching

Archival Research

As indicated in the October 2004 Quarterly Report, complete descriptions of the archival research underlying the ICHEIC Research Database are available on the ICHEIC website.

Matching

Matching between the ICHEIC Research Database and the ICHEIC Claims Database

As indicated in the October 2004 Quarterly Report, ICHEIC has transmitted to MOU companies and claims processing entities all matches generated between the ICHEIC research database and the ICHEIC claims database.

Below please find statistics regarding matching between the ICHEIC research database and the ICHEIC claims database as of end January 2005.

Matches generated by electronic database comparison (listed by company/organization to which the match has been assigned)		9,190
Generali/GTF	3,231	
Generali AuM	6	
Generali Lloyd	15	
Allianz (Germany)	309	
RAS	239	
AGF Belgium	0	
AGF France	3	
Vereinte	69	
AXA France	4	
AXA Colonia	69	
Winterthur	7	
Zurich	21	
Claims Resolution Tribunal ^(a)	0	
SJOA	35	
Austrian General Settlement Fund	2,038	
GDV	3,135	
Participating Non-MOU companies ^(b)	9	
Surplus matches^(c)		3,624
Matches ready to be sent to companies/organizations		0
Matches sent to companies/organizations		5,566
Matches resulting in offers	542	

Matches resulting in denials	330
Matches awaiting decisions	4,685
Matches awaiting distribution	0

(a) The decrease in this category since the May 2004 Quarterly Report is due to the withdrawal from the CRT of claims (and their attendant matches) on companies for which it was determined the CRT did not have responsibility, or which would have been better resolved in other parts of the ICHEIC claims process (e.g. the process for named claims on nationalized/liquidated/no found successor companies).

(b) The decrease in this category since the October 2004 Quarterly Report is due to the re-designation of several formerly non-MOU companies as MOU companies.

(c) To maximize operational efficiency and minimize duplication of efforts, in the following limited circumstances, match information is deemed surplus and thus not forwarded to companies/organizations:

- Instances where the exact same information/document constituting the match has already been provided by the claimant and forwarded to the company.
- Instances where the match information/document pertains to a policy that the claimant indicated was the subject of a previous decision that would render the claim ineligible under ICHEIC guidelines (e.g., a decision under the BEG).
- Instances where the match information pertains to a claim already decided in accordance with ICHEIC guidelines, and the match information would not affect the decision (e.g., a claim is declined based on a claimant's previous receipt of a payment for a policy [e.g. prior to the Holocaust era, under the BEG, in a private legal settlement] and the match pertains to the same policy).

Matching Performed by Companies

As indicated in the October 2004 Quarterly Report, ICHEIC has transferred to companies the section of the ICHEIC Research Database containing records that pertain to that company (as well as any subsidiaries or predecessor companies that fall under each company's sphere of influence according to the current ICHEIC company matrix). Companies have been encouraged to use this research database information to the greatest extent possible, as they would any other source of archival information relevant to their decision-making processes.

ICHEIC has underscored to companies that ICHEIC verification will continue to take into account companies' treatment of matching information, ensuring that companies consider such information in accordance with ICHEIC guidelines.

Matching between the ICHEIC Claims Database and the German Policyholder Database

This matching project was described in detail in the May 2004 Quarterly Report. Recent developments are as follows:

- Procedures and protocols for the full matching comparison were agreed at a meeting in November 2004. The German firm Ossenberg & Schneider carried out the full matching comparison.
- Discussions have taken place as to the distribution of the results:
 - Approximately 7,000 exact and/or high-probability matches, where the family name, given name, and date of birth provided by the claimant exactly or very probably match information in a record in the German policyholder database (corresponding to the ICHEIC-defined criteria of MT0-MT5).⁷
 - Approximately 8,000 possible matches, where the family name, given name, and date of birth provided by the claimant do not exactly or very probably match information in a record in the German policyholder database, often due to the fact that one or both record sets show incomplete or missing date of birth (corresponding to ICHEIC-defined criteria of MT6-MT10).
- As specified by Annex H, Exhibit 3 of the Tripartite Agreement, the approximately 7,000 exact and/or high probability matches are being sent to companies. ICHEIC is working with Ossenberg & Schneider and the GDV to transfer these matches to GDV companies as soon as possible, with a target of end March.
- It should be underscored that not every match identified as a result of this process will result in an offer, for several reasons. For example, a company may already have taken the match information into account and issued a decision, or the match may pertain to a policy that has been previously paid or compensated.

Matching Between the ICHEIC Claims Database and the AWZ Electronic Policy Lists

The AWZ matching exercise described in Annex F of the 9 July 2003 agreement among AXA, Winterthur, Zurich, the World Jewish Restitution Organization, and ICHEIC remains to be carried out. To obtain results as quickly as possible, ICHEIC plans to build on protocols established in other ICHEIC matching processes. Most specifically, ICHEIC will seek to apply the protocols of matching between the ICHEIC claims database and the German policyholder database to the AWZ matching process.

⁷ See the May 2004 ICHEIC Quarterly Report for a detailed description of the ICHEIC matching criteria.

Audits

The structure of the ICHEIC audit process and its separation into Stages 1 and 2 have been described in previous Quarterly Reports, particularly those of May and August 2003. The Audit Mandate Support Group (AMSG) oversees the audit process.

Stage 1 Audits

In summary, the October 2004 Quarterly Report referred to seven of Generali's units which were not compliant. Two have since achieved compliance. Three more are nearly compliant, requiring minor work to be completed. Generali Italy and Belgium are the only ICHEIC companies where Stage 1 compliance remains outstanding.

Generali

The October Quarterly Report referred to Volksfürsorge Deutsche Lebensversicherung AG, where further work was being done. ICHEIC also was awaiting final audit reports on the east European subsidiaries. Both of these units have since achieved compliance.

The AMSG met 20-22 December to debrief Generali units in France, Austria and Frankfurt. The AMSG declared the Frankfurt unit compliant subject to the auditors verifying a translation of the claims handling flowchart. Small amounts of extra work were required in relation to France and Austria. In France, the company agreed to database 3,000 somewhat incomplete records, which might allow a claim to be quantified. That has since been done and the auditors have audited the work. For Austria, one small audit task remained outstanding at the time of the meeting. It has subsequently been carried out. ICHEIC expects final audit reports soon.

The October Quarterly also reported delays at Generali's Italian operations' audit work. The AMSG intended to complete a second debrief in December, postponed from September. Unfortunately, Generali's Italian operations remained unprepared and as a result the debriefing has now been rescheduled for May 2005. ICHEIC is taking steps to ensure that there are no further delays.

In October, we reported that with respect to Belgium, we had not received the draft management and compliance reports that Generali had indicated would be ready by the end of September. We continued to press for these reports. In January 2005, we learned that the company inaccurately believed that a report it prepared some years previously for the Buysse Commission would suffice. Generali Belgium has now brought in a partner from the compliance auditors' Paris office, with experience from two ICHEIC audits, to advise. We expect the company to have analyzed its archive contents by the end of April 2005. Upon completion of this analysis, Generali Belgium and ICHEIC will agree on next steps and a concrete timeline to carry them out.

Stage 2 Audits

Stage 2 audits follow compliance under Stage 1 and are carried out by single audit firms appointed by ICHEIC, rather than through the compliance and peer review structure used for Stage 1. The firms review the companies' handling of claims in accordance with Standard 5 in two phases.⁸ Phase 1 can be carried out when at least one third of an insurer's claims have been processed and Phase 2 follows when at least 75% all claims have been processed.

The AMMSG has accepted three Stage 2 (Phase 1) reports, all of which have reflected well on the companies concerned.

Allianz Group

As reported in October, PricewaterhouseCoopers (PwC) completed its initial fieldwork on Allianz Leben. Delay caused by the checking of past decisions against more recently databased information has continued to affect progress. The need to train and establish additional personnel hired in February 2005 also has contributed. As a result, we now expect a draft report in April. The same will apply for Vereinte, which shares the same claims handling team.

Since the October report, the AMMSG has accepted the Stage 2 Phase 1 report by PwC on AGF, Allianz's French subsidiary, and the AMMSG has approved PwC's draft Stage 2 Phase 1 report on RAS, subject to a minor amendment. PwC has completed its fieldwork for the Stage 2 Phase 2 audit on AGF and a draft report is expected by mid-March.

AXA

Ernst & Young have completed 90% of their fieldwork on France and Germany and expect to provide draft reports by mid-April.

Generali

The AMMSG accepted the report by Deloitte & Touche on Stage 2 Phase 1 into Generali Trieste. ICHEIC plans to have a brief visit by the auditors to Trieste between Phases 1 and 2 of Stage 2 to confirm that the changed arrangements to accommodate the transfer of GTF claims are satisfactory.

AMB Generali Holding has requested a start on the Stage 2 audits of Aachener und Münchener and Volksfürsorge, which are expected to complete claims processing by the

⁸ Standard 5 refers to the insurers developing expeditious and reasonable systems and procedures for the investigation of all claims received.

end of March. The next Generali candidates are likely to be, in order, France, Austria, Frankfurt, Italy and Belgium.

Winterthur

PwC was appointed Stage 2 auditor for Winterthur and is on course for completion of the Phase 1 audit by the end of March.

Zurich

PKF is nearing completion of its work on the Stage 2 Phase 1 audit on Zurich and a draft report is expected by the end of March.

Estimated Availability of Stage 2 Phase 2 Reports

Company	Possible Availability	Comment
Allianz Leben and Vereinte	Q4 2005	Substantial number of claims to process. Delays from re-processing claims using new data, and obsolete equipment shortage.
AGF	March	Field work completed.
RAS	April	RAS is scheduled to finish processing by April.
AXA France	May	AXA France has had less than 2,000 claims in total.
AXA Germany	Q4 2005	Extended search process involving multiple manual records.
Generali Trieste	Q4 2005	Addition of GTF is additional load. Interim audit visit planned once resource upgraded.
Generali Italy	Q4 2005	Comes under Trieste.
Generali AuM, Volksfürsorge	May	Claim processing is nearly complete.
Generali Austria	Q3 2005	Depends on progress at Trieste dealing with branch claims.
Generali Frankfurt	Q4 2005	Past-decided claims being reprocessed under more advanced software.
Generali France	June	Less than 2,000 claims to process in total.

Winterthur	April	Depends on Winterthur achieving processing of all claims by March.
Zurich	May	Stage 1 due for completion in March. All except ~200 claims processed. There will be future flows from GDV re. Germany. AMSG may decide a future Phase 2 is necessary.

Generali Trust Fund (GTF) Audit

As reported in October, Deloitte & Touche has completed its fieldwork on the compliance of the GTF with ICHEIC standards and rules. Issues arising were discussed with the GTF as the audit progressed and a draft report was delivered on 28 October 2004 to the GTF for review. A review meeting between Deloitte & Touche and the GTF was scheduled for 10 December but postponed at the GTF's request until 7 February and again to 8 March. ICHEIC awaits further information concerning the results of the 8 March meeting. Meanwhile, ICHEIC is engaging Deloitte & Touche to assist with the closure arrangements with the GTF, including checks of offer calculations on completed claims.

Audits of non-MOU German Companies

The BaFin, in conjunction with ICHEIC audit observers, completed fieldwork on schedule in December. However, the BaFin has issued a *Testat* (or certificate) with respect to only two companies so far. Most of the others are carrying out additional work. The BaFin is due to issue *Testat* compliance statements for each company upon compliance and to issue an overall report, without specifically identifying companies, at the end of the process.

Audit Timeline

ICHEIC maintains dialogues with all participants in the audit process in order to achieve the fastest pace possible for the thorough execution of audits. Consideration of options open to ICHEIC regarding timelines continues to be a high priority.

Appeals

The Appeals Office has received 684 appeals as of 18 February 2005, an increase of 102 since the last Quarterly Report. Decisions have been made on 496 appeals, leading to award payments of \$2,339,794 in 166 cases. In an additional 104 appeals, the arbitrator(s) have recommended that the case be considered under the ICHEIC

humanitarian claims process. In a further 39 cases, the appeals were settled prior to the arbitrator’s decision, resulting in payments to claimants of \$292,964.

The breakdown of appeals by company is as follows:

	Appeals Tribunal⁹		Appeals Panel¹⁰	
	<i>Awards</i>	<i>Dismissals</i>	<i>Awards</i>	<i>Dismissals</i>
Allianz	2	3	0	30
Allianz RAS	123	130	18	38
AXA France	2	5	N/A	N/A
AXA Colonia	4	20	0	8
AXA Belgium	0	1	N/A	N/A
GDV¹¹	N/A	N/A	6	70
Winterthur	0	5	0	1
Zurich	11	17	0	1

Humanitarian Claims Process

Unnamed and Presently Unmatched Claims/Named Claims with No Match Found

Following ICHEIC’s distribution of approximately \$16 million in humanitarian payments in March 2004 through the ICHEIC humanitarian claims process for unnamed and presently unmatched claims, ICHEIC is in the process of reviewing an additional 40,000 claims under this process. Included in this process are claims that name a particular insurer but for which the named company has been unable to find a match against its records. The inclusion of these “named-no match” claims comes at the recommendation of the ICHEIC Operations Committee. ICHEIC expects to make awards on eligible claims in the second tranche of claims processing in summer 2005.

Claimants who received a \$1,000 award in the first tranche of payments will not be eligible for a second humanitarian award, as awards in the humanitarian claims process for unnamed and presently unmatched claims and named claims with no match found are made on a per claimant basis and no one claimant may receive more than one \$1,000 award.

⁹ The Appeals Tribunal considers appeals on decisions from ICHEIC member companies AXA, Generali, Winterthur, and Zurich as well as those against Allianz and Allianz RAS that were dated prior to 16 October 2002.

¹⁰ The Appeals Panel is responsible for all German insurance company decisions issued after 16 October 2002 (including those of Allianz).

¹¹ These figures refer to blocked account cases and other non-MOU companies in the GDV.

Named claims on Nationalized/Liquidated/No Found Successor Companies

ICHEIC is evaluating information provided in claims on companies in Eastern Europe that were nationalized, liquidated, or where there is no found successor company. Unlike the humanitarian claims process described above, humanitarian awards made through this process are on a per policy basis. These awards are based on documentary evidence that meets ICHEIC's Relaxed Standards of Proof and offers are calculated in accordance with ICHEIC's Valuation Guidelines. In addition to evaluating documentation submitted by claimants, the humanitarian claims process for named claims on nationalized/liquidated/no found successor companies makes extensive use of relevant records from the ICHEIC Research Database.

A pilot review of claims eligible for consideration under this process led to the distribution of approximately \$2.3 million in offers to claimants worldwide in October 2004. ICHEIC is currently working to complete the processing of a second, larger tranche of claims eligible for review under this process and expects to mail offers on claims found to be eligible in summer 2005.

Humanitarian Allocations

ICHEIC's settlement agreements with various insurance companies and the German Foundation "Remembrance, Responsibility, and Future" provide for funds to be made available for humanitarian purposes related to the Holocaust. Some of the funds were available immediately upon settlement. Additional funds become available through the passage of time or at the conclusion of claims processing and payment. For more detailed information, please refer to the "Estimated Timeline of Funds Available for Humanitarian Purposes" on ICHEIC's website.

Social Welfare for Needy Holocaust Victims

ICHEIC has made a nine-year commitment to fund \$132 million (to the extent ultimately available) in social welfare benefits, including home care, for needy Jewish victims of Nazi persecution worldwide. This program is funded entirely from the humanitarian funds received from the German Foundation "Remembrance, Responsibility, and Future".

Funding of these programs began in 2003, with \$15 million committed in 2003, and \$17 million for each of 2004 and 2005.

ICHEIC Service Corps

In 2003, ICHEIC approved a pilot project to link university students with local Holocaust survivors in a program of home visits. The ICHEIC Service Corps provides service to

those affected by the Holocaust and educational opportunities for the students to learn about the Holocaust. It also serves to strengthen Jewish identity and leadership in the undergraduate population by providing an opportunity to interact with the dwindling population of survivors.

Hillel administers the pilot, with fiscal oversight by the Claims Conference. It was launched in the fall semester of 2004 and is currently operating at the University of Miami and seven universities in New York City: New York University, Baruch College, Hunter College, and Queens College, Columbia, Barnard, and the Jewish Theological Seminary.

The program has been approved at these locations through the end of the 2005/6 academic year. The total program related cost for the ICHEIC Service Corps for the 2004/5 and 2005/6 academic years is expected to be \$946,000.

Initiative to Bring Jewish Cultural Literacy to Youth in the Former Soviet Union

The initiative in the FSU, developed and administered by the Jewish Agency for Israel (“Jewish Agency”), focuses on providing local youth with an intensive multi-year three-week camping experience. The vast majority of the one million Jews who remain in the FSU today suffer from a lack of basic knowledge of their Jewish culture and heritage. On the whole, they are unaware of the Jewish life that thrived in the area before the Holocaust, and thus less equipped to forge their own Jewish identity and respond to growing external threats such as anti-Semitism. Although it is estimated that there are thousands of Holocaust survivors in the FSU today, their personal histories are unknown to the younger FSU generation. These survivors are a critical resource in educating younger generations about modern Jewish history and a rich source of Jewish knowledge and memory. They can play a critical role in giving FSU Jewish youth the building blocks of basic Jewish literacy and identification.

The initiative for building basic Jewish literacy for FSU youth through Holocaust education and awareness will focus on three educational components:

- Learning about pre-Holocaust Jewish communities in Eastern Europe as a means of building basic familiarity with Jewish culture and heritage.
- Creating personal relationships with Holocaust survivors to learn about the Holocaust and Jewish survival, and to solidify Jewish identification and commitment.
- Experiencing Jewish and Israeli culture as a means of helping youth develop their own form of Jewish expression.

This program will be entering its second pilot year in the summer of 2005. The program cost committed by ICHEIC for the two pilot years is expected to be \$1.77 million. The Jewish Agency is providing one-third of the program cost for the 2005 summer program.

Yad Vashem Program

Early in 2005, the Commission approved a proposal for a pilot program submitted by Yad Vashem focusing on Holocaust education in Europe, with the goals of preserving the memory of the Holocaust and imbuing new generations with its lessons, as well as combating a new rise in anti-Semitism.

ICHEIC has committed to fund a pilot year of this program, as it has done with the Service Corps and the FSU initiative. ICHEIC will provide up to \$1,090,000 to fund the pilot program and related costs.

Financial Report

The ICHEIC financial office has been focused on completing the 2004 financial statements and related audit. The audit field-work has been completed and the audited financial statements are scheduled to be available at the 25 May ICHEIC meeting.

The FAAC also continues to be focused on the execution of the closedown plan and budget. It should be noted that the FAAC is responsible for the oversight of the preparation of the Lifetime Projection, though it is not in a position to make operational decisions that impact the cost of carrying out the various tasks of ICHEIC. As a result of their review of the close down budget in November, the FAAC noted that the cost of carrying out the function of the Appeals Panel was excessive. In certain cases, the FAAC requests ICHEIC management to carry out an analysis of a certain cost center, with the goal being to reduce cost. However, in the case of Appeals Panel costs, the FAAC is requesting the Operations Committee carry out a cost/benefit analysis of the operation, with the goal being to reduce operating costs where appropriate, without impacting the quality of the appeal process or independence of the judges in their decision-making process.

The Investment Committee concluded its initial evaluation of ICHEIC's investment plan and as a result, ICHEIC is beginning to invest funds in fixed income securities with longer maturities than its historical portfolio, which consisted of short term (under 30-day) fixed income instruments and money market funds.

Based on careful consideration of the primary objectives of the ICHEIC investment portfolio, coupled with the estimated timing of the uses of funds and market conditions, ICHEIC has invested approximately 50% of its funds in fixed income securities in a ladder portfolio ranging in maturities from three months to two years. This has increased the return on these investments by .2% to 1.33%. The remaining funds will be invested over the course of the next several months.