

REPORT TO THE INTERNATIONAL COMMISSION ON HOLOCAUST ERA
INSURANCE CLAIMS ON AXA HOLDINGS BELGIUM SA

January 2002

**REPORT TO THE INTERNATIONAL COMMISSION ON HOLOCAUST ERA
INSURANCE CLAIMS REGARDING THE PRICEWATERHOUSECOOPERS
COMPLIANCE REPORT ON AXA HOLDINGS BELGIUM SA AND ITS LIFE
ASSURANCE SUBSIDIARIES****Scope**

We refer to the report by PricewaterhouseCoopers (“PwC”) dated 28 September 2001 (“the Compliance Report”), which is set out in Appendix 2 on the compliance by AXA Holdings Belgium SA and its subsidiaries engaged in the life assurance business (“the Insurer”) with the five Audit Standards (“Audit Standards”) promulgated by the International Commission on Holocaust Era Insurance Claims (“ICHEIC”) set out in Appendix 3.

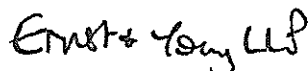
The Compliance Report refers to the Management Report prepared by the Insurer that includes, inter alia, the procedures adopted by the Insurer to comply with the Audit Standards. These procedures are as set out on pages 4-8 of the Management Report in Appendix 4.

In accordance with the Engagement Letter between us dated 2 October 2000, we have reviewed the Compliance Report dated 28 September 2001 and the supporting working papers, have made site visits to the Insurer’s archives and carried out limited sample testing of the Insurer’s databases and archives. A summary of work performed by us is set out in Appendix 1.

Our opinion, which is set out below, is not in any way a guarantee as to the conduct of the Insurer in respect of any particular insurance policy or claim thereon at any time or in any particular circumstances.

Opinion

Based on the work performed by us referred to above, in our opinion the conclusions in the Compliance Report are adequately supported by the work performed by PricewaterhouseCoopers.



Ernst & Young LLP
London
17 January 2002

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APPENDIX 1 TO THE ICHEIC PEER AUDITORS' REPORT TO THE INTERNATIONAL COMMISSION ON HOLOCAUST ERA INSURANCE CLAIMS ON AXA HOLDINGS BELGIUM SA AND ITS LIFE ASSURANCE SUBSIDIARIES

Summary of work performed by Ernst & Young LLP - Peer Review Auditors

Planning Process- Peer review

Our approach considered PwC's planning of the Independent Audit. We considered whether PwC were familiar with Holocaust issues and how their audit processes were planned to address the requirements of ICHEIC. We considered if the staff were knowledgeable and briefed about Holocaust matters and whether adequate resources had been applied to the assignment. We also considered independence issues.

Field work- Peer Review

We reviewed the PwC working papers and discussed the results of their work with them. We enquired if the Insurer had placed any limitations on their scope and if the Insurer had provided unfettered access. We noted issues that had arisen to determine whether they had been, if appropriate, considered for their report.

Additional work for the ICHEIC

We conducted additional testing of the databases and archives to determine, on a statistical sampling basis designed to give a 95% confidence level, if relevant records in the archives had been identified and correctly recorded in the search process. The selection of archives for testing was drawn from a list of archive sites included in the PwC working papers.

Reporting

We reviewed the Management Report and PwC Compliance Report and considered whether or not the results of the PwC Independent Audit were fairly reflected in their Report. We also considered the results of our additional testing in coming to our conclusion.

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**Report of Independent Auditors on the Compliance of
AXA Holdings Belgium SA with the ICHEIC Audit
Standards**

28 September 2001

1 INTRODUCTION

This report provides our assessment of the compliance of AXA Holdings Belgium SA and its subsidiaries engaged in the life insurance business (together “AXA Royale Belge” or “the Company”) with the requirements of the five Audit Standards issued by the International Commission on Holocaust Era Insurance Claims (“ICHEIC”) in March 1999.

2 BACKGROUND

The ICHEIC was established pursuant to a Memorandum of Understanding of August 1998 between certain European insurance companies including the AXA group and its subsidiaries (together the “AXA Group” or “The Group”) participating on a voluntary basis, a number of European and United States insurance regulatory authorities, the State of Israel and Jewish and Holocaust survivor organisations. As stated in the Memorandum of Understanding, the objective of the ICHEIC is to ensure that “...a just process shall be established that will expeditiously address the issue of unpaid insurance policies issued to victims of the Holocaust.”

The Memorandum of Understanding envisaged the conduct of “...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 International Commission. To assess the remaining unpaid insurance policies of Holocaust victims, a reasonable review will be made of the participating companies’ files. ...The International Commission or its participating companies shall retain one or more internationally recognized auditing firms...”. The AXA Group initially engaged PricewaterhouseCoopers (“PwC”) in June 1998, prior to the formation of the ICHEIC, in order to assist the Group with its Holocaust related research efforts.

To provide a framework and methodology guidelines for the accomplishment of its objective, the ICHEIC issued an Audit Mandate in March 1999, together with five related Audit Standards for use by the insurance companies and their independent auditors. The Audit Standards are designed to cover all aspects of the investigation, from the identification of predecessor companies that may have issued life insurance policies in the period under review, to the establishment of systems and procedures for dealing with incoming claims.

In providing a framework for the assessment of the insurers’ own internal investigations, the Audit Mandate established a number of important principles concerning the conduct of the investigation. In particular, the Audit Mandate recognised that “...an investigation of this nature requires an appropriate approach if a full accounting within a reasonable cost and time framework is to be met.”

The Audit Mandate stops short of providing a definition of “an appropriate approach” or a means of reconciling the apparently competing requirements of “...a full accounting within a reasonable cost and time framework”, and inevitably these matters remain subjective. The Audit Mandate clearly recognises, however, the need for a flexible approach to the investigation tailored to the specific circumstances of the company involved. Similarly, the Audit Mandate acknowledges that the procedures employed may vary both from country to country and from company to company: “It is recognised that individual circumstances will differ widely not only from insurer to insurer but also between different countries and perhaps regions within countries.

3 RESPONSIBILITIES

As a member of the AXA Group that is a signatory to the ICHEIC Memorandum of Understanding, the Company is responsible for achieving compliance with the Audit Standards and for the work carried out in relation thereto.

It is the responsibility of PricewaterhouseCoopers (“PwC”) to consider whether the Company has, in our professional judgement, complied with the requirements of the Audit Standards in the context of the ICHEIC Audit Mandate.

4 THE AXA ROYALE BELGE INVESTIGATION

The Company commenced its investigations to identify life insurance policies from the Holocaust era in September 1997, some eleven months prior to the founding of the ICHEIC. The scope of the Company’s investigative efforts has evolved since 1997 in order to reflect the parameters established by the Memorandum of Understanding of August 1998 and the Audit Mandate.

The work undertaken by the Company and testing performed by PwC since the adoption of the Audit Mandate in April 1999 has been directed on an Audit Standard by Audit Standard basis. Both the Company and PwC have deployed considerable resources in this endeavour. In the course of our work as independent auditors we have met with department managers, archivists, information systems specialists, actuaries, accounting staff, claims specialists and other insurance and operational personnel.

The process of identifying, collecting, reviewing and organising the relevant information obtained in the course of the investigations has proven complex, costly and time-consuming. A significant element of this complexity derives from the many mergers with and acquisitions of other insurance companies and from the variety of documents relating to numerous predecessor companies and the lack of readily available information about their direct relevance to this project.

5 THE AUDIT STANDARDS

The summary headings used in each Audit Standard provide an indication of the key requirements of the Standards. These are set out below:

Audit Standard	Summary Heading
One	“Identify all Relevant Companies which exist at 31 December 1999”
Two	“Identify Relevant Archive Sites”
Three	“Identify and secure Relevant Records”
Four	“Develop investigations database”
Five	“Investigate incoming claims”

We summarise below the key steps taken by the Company in order to comply with the Audit Standards together with the principal procedures employed by PwC in order to test and assess compliance.

5.1 Audit Standard One – Relevant Companies

In summary, this Audit Standard requires the identification of all AXA Royale Belge predecessor companies, including subsidiaries and branches, that issued life insurance policies in the period 1920 to 1945, inclusive.

AXA Royale Belge constructed a family tree of all identified predecessor insurance companies, based on research using both internal and external documents. The companies that were licensed to issue life insurance policies in the relevant period were then separately identified, in part by using contemporary regulatory submissions. A copy of the list of 29 predecessor life insurance companies has been given by the Company to ICHEIC for the purposes of facilitating the proper disposition of Holocaust era claims.

PwC has reviewed the methodology adopted by AXA Royale Belge in the reconstruction of its family tree and, where possible, we have confirmed the list of relevant companies to independent third party sources, including the Assekuranz-Compass and Assekuranz Jahrbuchs (“yearbooks”) and research conducted by the Buysse Commission in Belgium. We also compared the results of the Company’s analysis with the references to company names contained in the documentation identified in the Company’s archives as a result of the systematic searches carried out for the purposes of Audit Standard Three. This enabled us to ensure that all the life insurance companies for which records had been identified in the course of the archive testing from the period under review were included in the list of AXA Royale Belge predecessor companies.

5.2 Audit Standard Two – Relevant Archives

In summary, this Audit Standard requires the identification of those Company archive sites that may contain relevant documentation relating to life insurance policies issued in the period 1920 to 1945, inclusive.

A list of all archive sites was prepared by the Company based on extensive inquiries and work. The Company’s archive department drew up a list of all known archive sites, and a list of all buildings owned by the Company was obtained from the estate department and post room. In addition, the Company undertook a circularisation of all its senior managers requiring that they report any personal and/or departmental archives or records relating to the Holocaust era under their control.

Potentially relevant archive sites were identified from the above lists, which were subsequently confirmed by testing performed by PwC at each location. In addition, PwC reviewed the results of the Company’s circularisation and confirmed that a response (negative or otherwise) had been received from all personnel circularised.

5.3 Audit Standard Three – Relevant Records

In summary, this Standard requires the identification, organisation and securing of all records of potential relevance to the investigation.

All of the archive locations identified in Audit Standard Two were visited and a preliminary inspection of the premises was carried out. Where appropriate, overviews of the contents of the archive were prepared during the initial visit. Systematic searches of these locations were subsequently carried out, normally over a number of days. In addition, queries were run on the Company’s IT systems.

Policy files relating to a predecessor company, L'Aigle Belge, were more recently discovered in the basement of a property formerly used by that company but rented to a third party (since its acquisition by AXA Royale Belge) between 1988 and 1999. The property was sold in 1999 following which the files were discovered. These files were collected and submitted for our review and approximately 1,300 potentially unpaid policies (ie those with no clear evidence of payment) were input onto the Standard 4 electronic database.

The Company has documented and secured all relevant records identified as a result of the investigations. In addition to policy documents, the Company identified 15 life policy registers, various manual record cards and several hundred contracts relating to group life policies that were relevant to the investigation.

5.4 Audit Standard Four – Investigations database

This Standard requires the construction of either electronic or manual databases of certain policyholder information contained in the policy records located as a result of the archive searches.

The Company has recorded details for approximately 31,000 policies issued in the period 1920 to 1945, inclusive, onto an electronic investigations database for the purposes of matching against claims received. Of these, approximately 12,600 relate to policies recorded in the registers and 10,000 to policies recorded in the group life files.

In general terms, AXA Royale Belge adopted a guideline policy to input those policies where there was no evidence of payment (although approximately 1,000 policies indicated as paid were also input). The registers contained information concerning the disposition or status of the policy and, accordingly, only those policies that were potentially unpaid or cancelled by the Company were input (approximately 50% in total but recognising that the majority will have been paid).

Our testing of the electronic database was designed to ensure that all of the relevant policies from the period under review identified in the course of the systematic archive searches had been appropriately captured. In addition, we tested the accuracy of the information input to the electronic database by reference to the underlying policy documentation.

We also carried out testing to ensure that the hard copy records identified in the course of the systematic archive searches had been appropriately centralised, or, where the records identified were still required for the purposes of ongoing policy administration, they had been segregated and were stored in a secure location.

5.5 Audit Standard Five – Claims handling

This Audit Standard requires the Company to develop reasonable and expeditious systems for the research and investigation of incoming claims.

The Company has developed detailed procedures for investigating and processing incoming claims and uses a “claims handling database” to record and monitor the status of claims.

We have reviewed the procedures put in place by the Company and have confirmed they are consistent with AXA Group’s overall claims handling procedures.

6 COMPLIANCE WITH THE AUDIT STANDARDS

Based on the work we have performed as summarised above, nothing has come to our attention which causes us to believe that AXA Royale Belge has not complied, in all material respects, with the requirements of the Audit Standards.

7 COMPLETE AND UNFETTERED ACCESS

The Guiding Principles of 29 June 2000 issued by the ICHEIC which govern the Extended Peer Review process require the external auditor to issue a statement confirming that the principle of complete and unfettered access to relevant records, established in the Memorandum of Understanding, has been complied with.

The management of the Company has represented to us that they are not aware of any books, records or file archives that may be of relevance or potential relevance to the investigation that have not been made fully available to us in the course of our work. We confirm that we have been given unfettered access to Company locations in the course of our work.

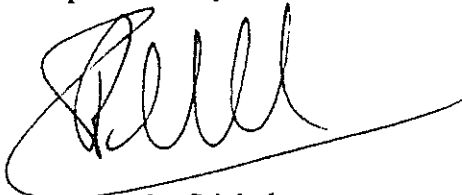
8 THE MANAGEMENT REPORT OF AXA ROYALE BELGE

The procedures adopted, and the work performed by AXA Royale Belge in order to comply with the Audit Standards, are described in the Management Report of AXA Royale Belge.

We have read the Management Report of AXA Royale Belge. Based on our reading of this report and our work performed as summarised above, nothing came to our attention that causes us to believe that Part II of the Management Report does not fairly describe the procedures adopted by AXA Royale Belge to comply with the five ICHEIC Audit Standards.

28 September 2001

PricewaterhouseCoopers & Partners Brussels
Represented by



Raf Vander Stichele

PRIVILEGED AND CONFIDENTIAL

**ICHEIC AUDIT WORKING GROUP
AUDIT SCOPE AND STANDARDS**

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STANDARDS

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OBJECTIVES FOR SCOPE AND STANDARDS

During the ICHEIC meeting in Washington on 20-21 January 1999, the overall audit approach of the AWG, as in the Executive Summary, was accepted and notably it was understood that "the existence and content of company archives varies from country to country and from company to company. As the number of claims (and potential exposure) will also vary, the standards as well as the scope of audit may therefore vary from country to country." Based on these principles, the AWG has developed 5 broad standards and benchmarks with the following objectives in mind:

- To establish standards which ensure "the expeditious processing of all inquiries received (i.e. claims driven process) in a just and cost-effective manner in accordance with the claims handling guidelines established by the IC, and allow the assessment by way of a top down analysis of the total unpaid policies issued to Holocaust victims."
- To ensure that consistent investigative standards are applied by all Insurers participating in the ICHEIC process.
- To establish standards which can be subject to independent "audit" in order to satisfy external public scrutiny.
- To satisfy investigative requirements resulting from other ICHEIC decisions.

STANDARD ONE

Identify Relevant Companies

“Insurers” will identify all “Relevant Companies” which exist at 31 December 1999.

Definitions

Insurers

Includes all insurers participating in the MOU process (i.e. Allianz, AXA, Generali, Winterthur and Zurich to date)

Relevant Company

A company that issued life insurance policies during the period 1920 - 1945 inclusive, in a relevant country, including a subsidiary or branch office, where a control-relationship exists today or, in countries where nationalisation occurred, where control existed before nationalisation.

Relevant Country

Nazi Germany and Areas Occupied by Nazi Germany. Specifically, in the context of a reasonable cost and timeframe, these countries are:

Austria, Belgium, Czech Republic, Germany, France, Hungary, Italy, Luxembourg, The Netherlands, Poland, Slovakia and Romania.

STANDARD TWO

Insurers will identify their Relevant Archive Sites

Insurers will identify their "Relevant Archive Sites".

Definitions

Relevant Archive Sites

Those Insurer "Archive Sites" that might potentially contain "Relevant Records".

Archive Site

Any Insurer location (i.e. owned, leased or managed by third party sub-contractors) containing policyholder documentation of the company.

Relevant Records

Relevant records are:

- available "Policyholder Files" and other available company records to verify coverage for the purposes of the ICHEIC claims handling process; and
- other company data suitable to be used in the "Top Down Analysis".

Policyholder Files

Contracts, namecards, policy numbers, related correspondence, information and data for life insurance policies issued in the period 1920 to 1945, inclusive.

STANDARD THREE

Identify and Secure Relevant Records

For all relevant Archive Sites, prepare an overview which describes their content.
Further, identify, organise and secure Relevant Records within these sites.

STANDARD FOUR**Develop Investigations Database**

Insurers will identify and make available to the ICHEIC auditors (dependent on local regulations and availability), based on their findings in relevant company archives as defined in Standard 2, and using any other additional information from company records which will materially help their investigation of claims of Holocaust victims, an electronic and/or manual database and/or combination thereof, of the life insurance policies⁽¹⁾ issued to "Holocaust victims" (to the extent possible according to the definition agreed by the ICHEIC) during the period 1920-1945 inclusive. The database will include, at a minimum, where available, the "name" (first and last name and maiden name), policy number and the place and date of birth of the policyholder.

(1)

The term "life insurance policies" is used broadly to include all forms of life insurance, such as annuities, endowments, and dowries. The fact that the database(s) described above only consists of life insurance policies does not exclude the consideration of claims on other forms of insurance policies issued to "Holocaust Victims". If a company and the ICHEIC auditor disagree with the audit work plan, then the matter will be brought to the attention of the ICHEIC for a final decision.

STANDARD FIVE

Investigate Incoming Claims

Insurers will develop expeditious and reasonable systems and procedures for the investigation¹ of all claims received² and will describe their investigation activities by way of a workflow chart³. Each claims file will contain a completed audit trail which allows auditors to validate on a sample basis the investigation against the agreed claims handling process in each company.

* ¹ Each insurer can have different procedures in place for the investigation and handling of claims tailored to its individual circumstances, i.e. an approach that works for one Insurer may not work for another due to differences in systems, etc.

² Either directly or via the ICHEIC as set out in the draft Report of the Claims Working Group to the ICHEIC.

³ Work flow chart as introduced in the draft Report of the Claims Working Group to the ICHEIC.

**Management Report
of AXA Royale Belge**

Introduction

This Management Report offers background on the subject matter and an overview of the methodology used by AXA Royale Belge in order to achieve compliance with the Five Audit Standards set forth by the ICHEIC on March 30, 1999, and presents an overall summary of the results obtained to date per standard. It covers AXA Holdings Belgium and its subsidiaries engaged in the life insurance business ("AXA Royale Belge").

PART I: Background

Historical context

The general historical comments included below although not required by the ICHEIC, have been prepared only to assist readers with a general understanding of relevant events. Historical information contained herein is based on Management's understanding of historical events. It has not been prepared as an authoritative historical work and referenced as such. According to data published by the Simon Wiesenthal Centre, the Jewish population of Belgium at the time of the 1940 German invasion was approximately 65,000 (i.e. 0.8% of the total Belgium population of approximately 8.3 million).

The first deportations from Belgium took place on August 4, 1942. Over a period of two years some 34,800 Jews were imprisoned or deported, and of these some 28,900 perished, representing 44% of the total Belgian Jewish population

Anti-Semitic measures were introduced from 1940 to 1942; it included economic spoliation, confiscating the assets of German Jews, placing severe restrictions on the practice of medicine and forbidding the sale of real estate without specific authorization.

The obligation to register Jewish fortunes and businesses resulted in approximately 28,100 registrations: 7,700 businesses, 3,000 properties and 17,400 personal fortunes. To the best of our knowledge none of those registrations refer to insurance assets.

In October 1940, a compulsory census of Jews was carried out in Belgium in which approximately 57,000 individuals were registered on a card system and became targets for anti-Jewish measures. These cards included information such as an individual's name, date of birth, bank account details and in some cases family tree, but did not give insurance policy details.

Banks operating in Belgium were required to transfer Jewish funds to the Brüsseler Treuhandgesellschaft (BTG), a German company established under Belgian law. The BTG was only required to manage the assets entrusted to it; it was not authorised to dispose of them. The BTG's limited authority enabled Belgian banks to ignore its instructions in some cases, on the basis of Belgian legislation.

After the liberation all assets held by companies under German supervision were sequestered. The Sequestration Department then attempted to trace the owners of the accounts in order to refund the deposits. All the deposits for which the owners or legal heirs could not be traced by 1953, when this search was stopped, were transferred to the Deposit and Consignment Office (DCO).

"The commission d'étude sur le sort des biens des membres de la Communauté juive de Belgique spoliés ou délaissés pendant la guerre 1940-1945" (later known as the "Commission Buysse") was set up by the Belgian Government on July 6, 1997 to resolve the issue of the return of assets to Belgian Jews. It made its final report public on 12 July 2001. Research by the Buysse Commission indicates that the German occupier did not show much interest in life insurance policies. Unlike many occupied countries during World War II, Belgium's insurance companies did not suffer nationalization or confiscation of their businesses, which facilitated the tracing of pre-1946 policies. But the law which prevented the Jews from freely carrying out transaction on their bank accounts, was also applied to the insurance companies. Consequently, the capital of maturing policies could not be paid to Jews: it had to be transferred to a bank account.

The Belgian Parliament is due to vote a new law by the end of the year 2001 which will endorse the setting up of a Commission to settle all Holocaust claims (Art, real estate, banks as well as insurance) and of a fund to pay for valid claims as well as for other Holocaust humanitarian related purposes. The Belgian government and the financial sector, including the insurance companies will finance this fund.

Belgium, life insurance market

The life insurance market in Belgium during World War II was small and fragmented. The total value of the life insurance market by premium income in 1938 was BEF 566 million, split between approximately 80 life insurance companies. In 1938, approximately 2.06 million policies were in force, representing a total capital insured of BEF 10,844 million (US\$ 366

million)¹.

In 1938 AXA Royale Belge predecessor companies held approximately 22% of the life insurance market by premium income, with Royale Belge, one of the present AXA Royale Belge company, making up over 12% of the market.

Background to AXA Royale Belge investigations

AXA Royale Belge began its search for Holocaust era life insurance records in September 1997, one year before the foundation of ICHEIC. The process of collecting, securing and reviewing the relevant information identified in the course of our research has proven complex, costly and time-consuming.

AXA Royale Belge's investigation has involved considerable resources working under the supervision of senior executive management. Such resources have included archivists, information systems specialists, actuaries, claims specialists and other insurance personnel.

The current AXA Royale Belge group grew through numerous mergers and acquisitions until the merger in 1999 of Royale Belge and AXA Belgium.

Since September 1997, over 42 km of insurance policy archives held at archive sites across Belgium have been subject to systematic review and investigation. Several thousand man-hours have been expended during this investigation.

While AXA Royale Belge's investigation was not originally undertaken to comply with the ICHEIC's five investigation Standards (since such standards did not exist at the outset of AXA Royale Belge's investigation), since April 1999 we have organized our work in the context of those Standards.

Due to the application of normal document retention policies by the predecessor companies of AXA Royale Belge over the years, only a small percentage of pre-1946 documents remain in our archives today.

The pre-1946 policies identified do not record the religion of the policyholder and indeed this information was never a requirement in Belgium. Accordingly no category of policies could be identified as having a high probability of relating to a Holocaust victim based on religion.

We provided the Commission Buysse with a full list of our predecessor life insurance companies and with a list of policyholder names relating to unpaid pre-1946 policies for the purpose of matching against the Commission Buysse's database of Jewish Holocaust victims. Belgian data privacy laws do not allow AXA Royale Belge itself to match its database of policyholder names relating to pre-1946 policies with lists of Holocaust victims. This matching may only be performed by the Commission Buysse, which received a specific dispensation for this work.. In

¹ 1 US\$ = 29,6 Belgian Francs in 1938.

it's report of July 2001, the Commission Buysse states "*AXA Royale Belge Group has maintained close and repeated contact with the Commission.....and has kept up a close collaboration with the Commission.*"

PART II: AXA Royale Belge and the ICHEIC Audit Standards

Audit Standard 1 – Relevant Companies

We carried out research into the predecessor companies of the current group in order to identify all AXA Royale Belge companies existing between 1920 and 1945 inclusive, highlighting companies that were licensed to undertake life insurance business; consequently we drew up a corporate family tree from 1853 to date.

In summary, the internal company records used in the research work included the following:

- Legal documents relating to key group-company events such as mergers; these provided the date of relevant changes and often dates of previous key events. Changes in company names and the names of all the parties involved were also recorded.
- All remaining documents held by the corporate record library including all annual submissions to the insurers' regulatory body since 1975.
- Historical research by Roland De Baerdemaeker of Royale Belge "*Uranus, geen verre planeet*" ("Uranus, not a distant planet");
- The mémoires of Chevalier George Martin, former Directeur-Général of Royale Belge
- Policy registers which provide information as to the type of policies issued.
- Board minutes.
- Registers of shareholders
- Annual reports
- A souvenir book celebrating the centenary of Royale Belge

In addition external sources were also consulted: the Commercial Register of Brussels; the reports by the Ministry of Work and Employment (responsible for the regulation of life insurance companies) for the years 1935 to 1945; and the Office de Contrôle des Assurances ("OCA"). We also consulted the "*Guide de Recherche sur Les Compagnies d'Assurance Sur La Vie (de 1940 à nos jours)*" prepared by Mr. Alain Kapper of the Commission Buysse which allocates the Belgian life insurance companies in existence in 1940 to a present day Belgian insurance

company or group.

Very little information is available relating to the operations of AXA Royale Belge predecessor companies in countries other than Belgium in the period 1920 to 1945 inclusive. Although there are indications of foreign operations at a few of the smaller predecessor companies, the contemporary financial statements of the largest of them, Royale Belge, does not refer to any foreign business. We consider that only a very small percentage of the pre-1946 policies identified may have been issued outside of Belgium.

The family tree is included as an Attachment to this report, and includes 29 Relevant Companies.

We confirm that we have disclosed all companies identified as having issued life insurance policies in the period 1920 to 1945, inclusive, and which now form part of the AXA Royale Belge group, and that we are not aware of any other such companies required to be disclosed in accordance with Audit Standard 1.

Audit Standard 2 – Relevant Archive Sites

AXA Royale Belge has sophisticated archiving procedures at its main archive site. In 1998, before the merger between Royale Belge and AXA Belgium, the Archives department of Royale Belge employed 55 people. With sophisticated archiving procedures, they presently manage approximately 6 million policy files (both life and non-life). The files are stored according to the last digits of the policy number and not in issue date order. For this reason there is no specific pre-1946 policy area in the archives.

In summary, we undertook the following procedures to identify Relevant Archive Sites:

- AXA Royale Belge held discussions with archivists to identify all their current (and, where possible, past) archive site locations. We also reviewed past and present archiving procedures.
- We reviewed reports prepared at our request by the Heads of Archives and of the "Services Généraux" department listing and describing the archive sites
- AXA Royale Belge sent a circular to all senior personnel (the two levels of management directly below the CEO) to establish whether they held any relevant documents

We obtained a list of AXA Royale Belge buildings from the mailroom and the "Département Immeubles Sociaux", which was compared with the list of archive sites.

In summary, the Audit Standard 2 work identified 14 potentially relevant archive site locations for AXA Royale Belge, including two sites managed by third party sub-contractors.

We confirm that we have disclosed all AXA Royale Belge sites we have identified as containing archives and specifically all AXA Royale Belge sites we have identified as containing records relating to pre-1946, and that we are not aware of any other such archives required to be disclosed in accordance with Audit Standard 2.

Audit Standard 3 – Relevant Records

From 1992, life insurance policies were split into accounting records retained for 10 years and other documents, only retained for 3 years. Since 1997, life insurance policies are retained for 10 years after the end of the contract. In earlier years, document retention policies were less formal, documents were kept until space became a problem: for one company over 95% of closed pre-1946 policy files were located in the archives.

In the early seventies, over twenty years after World War II, Royale Belge moved to new premises. Although this is not documented, it is thought that this move resulted in the destruction of some documents which were no longer considered necessary. It is likely that other document destructions took place within AXA Royale Belge as a result of other building moves or take-overs.

The destruction procedures do not involve copies of policies being made prior to their destruction, whether on microfiche or in any other form.

In summary, the following procedures were undertaken to identify Relevant Records:

- Work carried out with respect to Audit Standard 2 (see above), resulted in the identification of three main archive sites plus one smaller site.
- Our IT staff carried out searches on the various pre-merger IT systems to establish whether they contained any policies recorded as issued before 1946. We did not find any backup tapes of IT systems of acquired businesses prior to their take-over, which might have contained details of pre-1946 policies not identified through other means, other than the pre-merger systems described above. The policy numbering system links the IT systems and the archive documents. Our archive staff, then carried out archive searches to locate policy files for the policies identified on the IT system.
- Systematic searches by our independent auditors for relevant records were undertaken at **all** archive sites identified (i.e. not just the main sites).
- Relevant Records were secured in proper locations.

No records were identified which related specifically to loans which may have been granted to policyholders against the capital of their policy.

Consultation with our actuarial department has shown that reserves exist, part of which may relate to unpaid policies issued pre-1946, however the breakdown of these reserves either by policy or by year is no longer available in sufficient detail to be of use in this investigation. They

can therefore not be used as a source of policy information.

At a very late stage, we were informed of the existence of relevant archives of one of the predecessor company, "L'Aigle Belge" in the basement of a building used in former time by this company as office premises, rented to outside users from 1988 to 1999 and eventually sold in 1999. These archives have been collected, secured and submitted to our standard research process with the standard audit process by our external auditors.

We confirm that we have disclosed all AXA Royale Belge records we have identified as relating to life policies issued pre-1946 and ensured those are secured and protected by restricted access.

Audit Standard 4 – Claims investigations database

For the purposes of recording relevant policies and investigating incoming claims, we have created an electronic database (in Microsoft Access) which contains information relating to pre-1946 life insurance policies identified as a result of our investigation.

In summary, the electronic database was constructed as follows:

- For policy documents issued in the period 1920-1945, inclusive, that were identified during the search of company archives, details were input onto the electronic database.
- For policy data located on the pre-merger IT systems, which relates to life policies issued pre-1946, details were then transferred to the electronic database.
- Our independent auditors carried out accuracy and full inclusion testing on the details recorded on the electronic database by testing a sample of the data back to source documents and vice versa.
- We built a search function into the electronic database so it could be easily searched for the purposes of investigating claims received from ICHEIC or other sources.

The electronic database holds approximately 31,000 policies, of which approximately 6,000 relate to policies for which the insured capital is very low (up to 5,000 BEF) and approximately 23,000 relate to policies recorded in Registers or Group Life files for which the status of the policy (i.e. paid or unpaid) was not recorded (although the vast majority will have been paid).

There is no indication as to the religion of the policyholders.

We confirm that we have included details for all identified unpaid pre-1946 AXA Royale Belge life policies on the Audit Standard 4 electronic database. We also confirm that we have ensured the Audit Standard 4 electronic database is secured and protected by restricted access.

Audit Standard 5 – Claims Handling

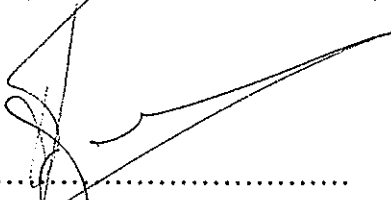
In summary, the following procedures were undertaken for the investigation of all incoming claims:

- A "claims handling workflow chart" was created,
- Referring to the AXA France processes and procedures, detailed guidelines, methodologies and checklists were prepared
- AXA Royale Belge has been provided with a database, developed by AXA France, to input and monitor the status of incoming claims.
- For each incoming claim, AXA Royale Belge has established a file to include the claim and a complete audit trail tracing the steps of the investigation.

AXA Royale Belge has received 221 claims (as at 31 august 2001): seven addressed directly to the company and 214 received through the standard ICHEIC route. The ICHEIC send all claims to be reviewed by the AXA group to AXA France, which then send on all claims which relate to Belgium to AXA Royale Belge. Two of the 214 ICHEIC claims include a reference to an AXA Royale Belge Relevant Company. To date the matching of the names supplied by the claimants with the Audit Standard 4 electronic database has resulted in two matches for which offers are to be made according to ICHEIC valuation guidelines.

We confirm that we have followed the above procedures in respect of all claims and enquiries received to date.

Signed on behalf of AXA Royale Belge



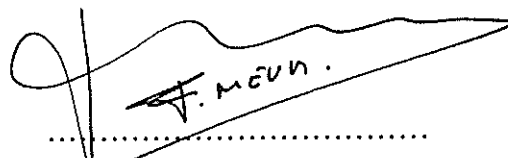
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Alfred Bouckaert

CEO, AXA Royale Belge

Date

28/09/2001.....

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Frédéric Meur

Head of Legal Affairs, AXA Royale Belge

28/09/2001.....