

ANNEX D

VALUATION GUIDELINES

1 INTRODUCTION

- 1.1** Annex D, as agreed between ICHEIC and the Foundation and which will be applied by German insurance companies, is intended as a guideline for those assigning values to valid claims on Holocaust era life insurance policies and for those advising on the offers made by companies on such policies.
- 1.2** The valuation of a claim includes two phases. The first is the assignment of a base value to a policy, depending on the terms of the contract, the history of the payment of premiums etc and the circumstances of the insured event (death of the insured or maturity of the policy).
- 1.3** The base value of a policy is the value that the policy would have had at the date of the insured event (on death of the insured person or on maturity at the end of the policy). The second phase in the valuation of a claim is the application of appropriate multipliers to the base value to produce the current value.
- 1.4** A policy shall be valued as unpaid if a claim on the policy is proved to be valid according to the Agreement and the relaxed Standards of Proof (Annex B) and there is no evidence that the policy was paid.
- 1.5** Rules for determining the treatment of policies paid during the Holocaust but where the proceeds were either confiscated or paid into a blocked account or where it is deemed likely that they were confiscated or paid into a blocked account are set out in Sections 4 and 5 below.

2 POLICIES ISSUED IN GERMANY

- 2.1** For policies issued in Germany (within the boundaries of 1937) and denominated in German currency, for which the Federal Republic of Germany established programmes of compensation after the war under the Bundesentschaedigungsgesetz (the BEG) or other programmes of compensation or restitution, the company shall assess the claim (both the base value and the valuation up to 1969) as if it had been submitted to the BEG, using the same methods of valuation, and apply a multiplier to this value of 8X.
- 2.2** For offers made from January 2001 the value will be updated by reference to the appropriate multiplier (see Schedule 2).
- 2.3** As agreed between ICHEIC and the Foundation, each claimant shall receive in respect of any valid claim on a policy issued in Germany by a German company at least a minimum payment of \$ 4000, if he is himself a survivor of the Holocaust or \$3000 for other valid claims. The company will determine the value of the policy according to Sections 2.1 and 2.2 of this Annex. No maximum limit should be applied. The differences between the calculated value according to Sections 2.1 and 2.2 and the minimum payment shall be met from the Humanitarian Fund. The total payment to the claimant shall be made by the company after the corresponding amounts have been provided by the Foundation.
- 2.4** If a claim is on a policy where the German Compensation or Restitution Authorities had rendered a decision on that specific policy then such a decision cannot be considered further in the claims process, subject to the exceptions provided in Section 2 (1) (c) of the Agreement.

3 DETERMINING BASE VALUES (Not Germany)

Policies relating to those who died during the Holocaust era

3.1 Date of death: If the company or the claimant has evidence of the date of death or deportation of the policyholder or the insured, this shall be used as relevant in assessing the base value. If there is no evidence, the dates for deemed death shown in Schedule 1, shall be used.

3.2 Base value at death: If the insured person or the policyholder died during the Holocaust era (see Schedule 1), the base value at the date of the insured event is the full sum insured minus any specific deduction (unless the company can demonstrate that the policy had been voluntarily converted to "paid up" status by the policyholder). (Paid up value is defined as a new sum insured at a lower value according to the terms of the policy, or as assessed by the company).

3.3 The specific deductions are for:

3.3.1 loans taken out during the life of the policy but before the beginning of the Holocaust era and not repaid;

3.3.2 premiums not paid, subject to the following conditions:

- If premiums stopped after the date of deportation (from the evidence) or the start of the Holocaust era (using Schedule 1), the company shall deduct those unpaid premiums from the full sum insured, up to a maximum of two years.
- If premiums ceased before start of the Holocaust era given in schedule 1, the offer shall be based on the "paid up" value.
- Only if the company has evidence of unpaid premiums shall it make a deduction. If the company has no records it shall make no deduction.

and

3.3.3 compensation related to the specific policy and paid under post war arrangement (other than in Germany by governments or any other state entities. (Section 2 (1) (c) of the Agreement).

3.4 Policies converted to paid up status: In cases where there is evidence that the policy was formally converted to paid up status, the following rules apply:

- If conversion was before the start of the Holocaust era, base value equals paid up value.
- If conversion was in or after the year of the start of the Holocaust era, and the company can show that this was made voluntarily by the policyholder in writing, then the base value equals the paid up value.
- If conversion was made in or after the year of the start of the Holocaust era, but the company cannot show that this was made voluntarily by the policyholder in writing, then the base value equals the full sum insured, less any deductions for unpaid premiums in accordance with paragraph 3.3.2).
- From all base values any further adjustments required by paragraphs 3.3.1 and 3.3.3 should be applied.

Policies of survivors

3.5 If the insured person and the policy holder survived after 1945 (and premiums had not been paid), the base value is the “paid up” value of the policy as assessed by the company (which will deem premium payments to have stopped in 1945) and subject to any further adjustments required by paragraphs 3.3.1. and 3.3.3.

4 CONFISCATED POLICIES

4.1 Policies that were paid, as required by local law, to a government authority that was not the named beneficiary of the policy shall be given the same valuation as applied to unpaid claims. Payments shall be financed from money allocated for claims.

4.2 In the absence of evidence to the contrary produced either by the claimant or the company, a payment should be treated as confiscated if it was in or after the year given for the respective country in the table in Schedule 1 Column (iii).

4.3 Conversely, where a company can demonstrate that the proceeds of the policy were paid before the deemed date, it should be assumed, in the absence of evidence to the contrary, that the payment was made to the rightful beneficiary.

4.4 For France, any claim that a policy was confiscated will be considered under the procedures in paragraph 5.3 below for blocked accounts in France.¹

5 BLOCKED ACCOUNTS

5.1 Where there is evidence that policies were paid, but the payment was into a blocked account, these policies shall be given the same valuation as applied to unpaid claims. As agreed between ICHEIC and the Foundation pursuant to Section 7 Paragraph 2 of the Agreement, payments shall be financed from money allocated for the Humanitarian Funds. The payment to the claimant shall be made by the GDV after the corresponding amounts have been provided by the Foundation.

5.2 A payment on a policy will be deemed paid into a blocked account if it was during the years given for the respective country in the table in Schedule 1 Column (ii), unless there is evidence that it was not paid into a blocked account.

5.3 For policies issued in France, where there is a scheme for the compensation of bank accounts that were blocked, the claim will be referred to the relevant authority.

5.4 For policies issued in Austria, the payment is deemed to be made into a blocked account if it was made to the policyholder from March 1938 through the end of

¹ Note: Procedures on Belgian policies are under consideration.

1939 unless there is evidence that the payment was not made into a blocked account.

5.5 For policies issued in Germany the following rules shall apply:

5.5.1 During the period from the start of 1933 through to the end of 1937:

5.5.1.1 The payment is deemed to be made into a blocked account, if there is evidence according to the Relaxed Standards of Proof that:

the policyholder emigrated or was deported or was otherwise deprived in that period of his freedom as a Holocaust victim (as defined in Section 14 of the Agreement)

or

that a policyholder attempted to emigrate or was arrested or detained.

unless there is evidence that the payment was not made into a blocked account.

5.5.1.2 Conversely, if there is no evidence that the policyholder emigrated, attempted to emigrate, was arrested or detained or was deprived of his freedom as a Holocaust victim (as defined in Section 14 of the Agreement), then it can be assumed that payment was not made into a blocked account and was properly paid.

5.5.2 During the period from the start of 1938 through the end of 1939, the payment is deemed to be made into a blocked account if it was made to the policyholder or beneficiary, unless there is evidence that the payment was not made into a blocked account.

6 DETERMINING CURRENT VALUES

The current value of a policy is in the base value increased by agreed factors to allow for changes in currency, economic circumstances and interest during the years from

the insured event to the present day. The factors for each country are designed to give a present day value to the base values, while taking account of the many economic and monetary events which disturbed the purchasing power of currencies in wartime and post-war Europe. For policies issued in Eastern Europe account has also been taken of the fact that insurance companies were nationalised or liquidated under the instructions of the post war governments.

6.1 Western European countries including Germany

The current value of offers on policies issued in these countries is calculated in accordance with the steps outlined in Schedule 2.

6.2 Eastern European countries

Offers on policies issued in these countries are in US dollars. The current value is determined in accordance with the steps outlined in Schedule 2. For policies issued in dollars and not converted into the local currency, the base value remains in dollars.

7 OTHER ISSUES

7.1 Unknown values

If a claimant satisfies the Relaxed Standards of Proof that a policy existed which was unpaid and names the company that issued the policy, but the amount of the policy cannot be determined, the offer shall be based on a multiple of three times (3X) the average value for policies in the respective country (shown in Schedule 3). The appropriate multipliers should then be applied but the payment offered should not exceed \$6,000 per policy.

7.2 Minimum payments for policies issued in Eastern Europe

If the valuation of a claim on a policy issued in Eastern Europe is below \$100, the minimum payment is \$500; if the valuation is above \$100, the minimum payment is \$2,000 for survivors and \$1,000 for other proven claimants.

7.3 Policies denominated in currencies other than the country of issue

If a policy was issued in a currency of another country (e.g. Swiss Francs) and subsequently converted into the local currency, in accordance with a law of general application, the current value is determined according to the rules for that country. For Western European countries, if the policy was not converted (e.g. a cross-border sale) the valuation is according to the multipliers in Schedule 4. For policies issued in Eastern Europe and not converted, the procedure in Schedule 2 from Step 2 (for East European claims) should be followed. Policies issued with a link to the price of gold should be treated as if they had been issued in the nominal currency.

Prior settlement by companies

7.4 Any claim settled between a claimant and an insurance company after the war will not be reopened, even if the claimant would be entitled to a larger amount under the Valuation Guidelines.

7.5 Cancelled policies

7.5.1 For policies that were cancelled or suspended for non-payment of the premiums after the payment of the first premium, if any unpaid premiums were due in years on or after the start of the Holocaust era in the country of issue and if the insured or the policyholder died during the Holocaust era, the policy shall be deemed to be valid for the full sum insured (less any specific deductions under paragraphs 3.3.1 and 3.3.3) at the date of the insured event.

7.5.2 If the policyholder and the insured survived the Holocaust era and did not reinstate the policy, the policy shall be valued as a paid up policy on the assumption that premiums had been paid until 1945.

8 FINAL PROVISION

All offers shall include a schedule showing how the calculation of the offer has been made.