

THE INTERNATIONAL COMMISSION  
ON HOLOCAUST ERA INSURANCE CLAIMS

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**To: Superintendent Gregory V. Serio,  
NAIC International Holocaust Commission Task Force Chair  
(for distribution to Task Force membership)**

**From: Lawrence S. Eagleburger, Chairman**

**RE: Follow up to NAIC Task Force meeting of June 23, 2003**

**July 11, 2003**

I write to follow up on various issues raised at your meeting of June 23, 2003. In doing so, I want to restate ICHEIC's primary mission: establishing and implementing an effective and equitable process for paying valid claims of Holocaust victims and their heirs. All the efforts described in this memorandum are in pursuit of that end. Though I understand that Mara Rudman, ICHEIC Chief Operating Officer, and Pat Bowditch, ICHEIC Chief Financial Officer, addressed a number of these issues in the course of their presentation, I thought it might be useful to send a written response as well, particularly so that you might distribute it among all Task Force members. First, let me focus on those areas related to Claims Processing, then I will turn to communications generally, and finally I will address issues involving the ICHEIC Humanitarian Fund.

**I. Claims Processing issues**

***Staffing***

I am pleased to report several important changes in ICHEIC staff which will improve considerably our ability to supervise the effective, fair, and efficient processing of claims.

First, as many of you know, we are welcoming Jody Manning as our London office Chief of Staff. Jody has served as deputy to the Special Envoy on Holocaust-related issues at the U.S. Department of State for both J.D. Bindenagel and Randy Bell. We are fortunate that Jody has agreed to accept this position; she is an exceptionally adept manager with a "can do" personality, who knows many of the players and personalities in the world of ICHEIC. She also will be focused on working with the claims management team and the appeals team to get claims decisions moving quickly and effectively through our system with the objective of completing our claims

processing work by the end of 2004.

We are strengthening the London claims team by making three new hires, all of whom will be in place by the beginning of August, and further supplementing our ability to deal with documents in Hebrew with additional assistance. These new hires replace two existing positions that have been vacated over the course of the last few months and one that will be vacated shortly, all for varied reasons. The next quarterly report will contain full descriptions and introductions to these new members of the London ICHEIC claims team.

Finally, on the London staffing front, we are putting in place an appeals office both to supplement staffing for ICHEIC appeals judges and to establish a staff for German agreement appeals judges as well. By the end of August we will have two legal advisors and administrative support in position, led by Colin Smith, our appeals office manager who started with us in June of this year. Again, look to the next quarterly report for introductions to these new staff members.

In the Washington, D.C. office, Anais Haase has taken on the dual position of executive and confidential assistant to me, relieving both Berri Sommers, who has decided to move on, and Dale Franklin, who will be focusing his attention full time on issues related to lists and matching efforts. Anyone wishing to reach me directly can do so through Anais.

Some regulators requested that we reconcile current staff numbers with the figures reported in our 2003 budget. According to Pat Bowditch, the 2003 budget for the London claims team includes five team personnel reporting to David Butler, making a total of six. Under the current budget, these five team members begin “rolling off” during 2004 as the claims processing duties wind down. Should the claims filing deadline be extended, or claims processing otherwise move more slowly, we will need to maintain staff longer than anticipated during 2004 and perhaps into 2005. If such occurs, the actual results will exceed the current budget. However, the total number of claims team personnel reported at the NAIC meeting (including the new hires noted above) are included in the existing budget.

### ***Training***

We have also been asked about training for our new staff. We are scheduling a week of training activities in August, when all new hires for the claims team will be on board, and much of the new appeals staff will as well. We are fortunate that those who participated in our very useful January claims review have agreed to return to help in this training week effort in August.

### ***Claims Processing Guide***

We have developed and published a Claims Processing Guide, the first edition of which was distributed at the NAIC meeting on June 23 and is available on both the NAIC

and ICHEIC websites. I expect that this guide will help not only in orienting our new staff, but in providing a concise and easily understandable explanation of the claims process for all new regulators, their staff, claimants, those helping claimants, and those learning how to process claims among the companies, the German insurers association (GDV), and the Generali Trust Fund (GTF). As with our quarterly reports, we welcome comments, questions, and all suggestions with respect to the Guide as we expect to update and produce future editions as necessary.

### *Verification role*

Some regulators have also inquired about how the newly developed verification function of ICHEIC staff works in practice. As many of you know, a claims review in January, in which regulator staff participated, was spurred by the distribution of final ICHEIC Valuation Guidelines and Annex D of the German Foundation Agreement, and was suggested by the Monitoring Group report. In addition to flagging those offers and/or denials which are affected by the revised ICHEIC Guidelines and/or the terms of the German Foundation Agreement, the review was intended to train members of ICHEIC staff to improve review of claims decisions and to pinpoint areas where improvements in claims processing, by ICHEIC as well as by companies and GTF, are warranted.

ICHEIC analyzed the results of the review and identified a range of issues to bring to the attention of the companies. We met on site with Generali, the GTF, Allianz and RAS, those entities with the largest number of decisions covered by the review, in late February to discuss how to improve processing overall, including by ICHEIC, and how best to make past decisions consistent with current Valuation Guidelines. We addressed these issues in correspondence with AXA, Winterthur and Zurich.

The claims review highlighted a number of challenges ICHEIC faces in relation to claims processing. Building on the finding of the Monitoring Group and the claims processing team, ICHEIC is working to tackle these problems. For example, since the review, ICHEIC staff in the London office has put in place a system by which new offer and denial letters are checked against the Valuation Guidelines once they are received. Rather than sending copies of offer and denial letters to CLMS (the ICHEIC outsourced claims processing center) as done in the past, companies now send copies of all offer and denial letters directly to the London ICHEIC office.

The January review has resulted in a verification practice in which ICHEIC will maintain an electronic spreadsheet which either highlights questions about the offer and/or denial or verifies that the decision/calculation appears to be accurate. If a member of the claims team finds that a decision/calculation does not appear to be in accordance with the Valuation Guidelines, the claims team member will query the company directly regarding the claim while keeping the regulator's office (if a regulator was working with the particular claimant) informed of the situation. If the company, upon closer inspection, finds that the decision/calculation requires adjustment, the company and/or ICHEIC will contact the claimant.

### ***Claims filing deadline***

We will assess as July progresses the results of our outreach efforts to date, the responses and inquiries generated by the 360,000 new names posted on our website in April of this year, the extent to which we expect any significant number of new names to be added to the website, and related outreach. We will consider all of these factors in determining whether or to what extent or in what ways to adjust the current September 30, 2003 filing deadline, in order to ensure sufficient opportunity for all such potential new claimants to file claims. You may expect to see this matter addressed by the close of July in our next quarterly report.

### ***Challenges to effective and efficient processing of claims***

As noted, the January claims review highlighted areas where ICHEIC needs to work with the companies to achieve more effective and efficient claims processing. I wanted to summarize here some of the major systemic challenges. These include:

- CLMS (the outsourced claims processing center) has not sent information to companies in a timely fashion upon request, we are working with them to improve their responsiveness to these requests;
- The German State archives have moved very slowly in determining whether claims on German companies were previously compensated under the *Bundesentschaedigungsgesetz* (BEG) (Post-War Federal Compensation Law); We are working with the GDV and the German Foundation to explore all possible routes, including having ICHEIC provide experts to help the archives with this work, to speed these reviews;
- Some companies may have fewer than optimal numbers of staff designated to this task which impacts the speed with which the companies can process the claims, which includes searching company archives, reviewing relevant records etc. We are working with the companies to resolve this issue.

### ***Report on progress on 8A/Un-Named Claims***

We have selected the Conference on Jewish Material Claims Against Germany (Claims Conference) to process and review ICHEIC claims which fall into the defined Humanitarian Claims category (“8A Claims”). The “8A” designation refers to those claims or inquiries that do not name a particular insurance company, name a nationalized company, or name a company that no longer exists. (Section 8A of the ICHEIC MOU addresses this issue.) Of the approximately 60,000 claims or inquiries which fall within the scope of ICHEIC jurisdiction, nearly 40,000 are in the 8A category. At present, 8A claims are being pulled from CLMS and scanned at Randall Lyons, a third party scanning provider in London. Randall Lyons will begin sending electronic images of the claim files to the Claims Conference in mid-July to be uploaded into the Claims Conference’s 8A database for review. It is anticipated that trained staff at the Claims Conference will begin review to review and evaluate the 8A claims in August. We anticipate 8A claims will have been evaluated and payments made by spring 2004. Samuel R. Berger, former

U.S. National Security Advisor, is serving as Senior Counselor to ICHEIC for this effort, developing criteria by which the 8A claims will be evaluated, after consultation with members of the ICHEIC community. Both Mr. Berger and ICHEIC have received many helpful suggestions from Commissioners, their staff, and others, and would welcome additional comments and thoughts as we move forward.

## **II. Communications**

Several Task Force members raised concerns about wanting more regular information about ICHEIC activities and issues. As I understand it, you are taking actions to address these concerns, such as developing an ICHEIC section on the NAIC website that will have material on all pertinent ICHEIC issues. That section should currently include the first edition of the ICHEIC quarterly report – the next one will be available by the end of July, the first edition of the Claims Processing Guidelines Manual, the Claims Conference allocation plans for ICHEIC humanitarian funds committed to date, and this letter.

I also wanted to take this opportunity to review for all NAIC task force members the ongoing lines of communication between ICHEIC and the NAIC, much of it due to your constant attention and efforts, and those of your staff, Audrey Samers and Catherine Lillie. Some of the regulators, particularly the staff from New York, Florida, and California, are in almost daily contact with ICHEIC staff on issues ranging from particular claimant cases and inquiries to broader systemic policy and program issues and concerns. Additionally, you and your staff organize regular phone calls for ICHEIC regulators, with ICHEIC COO Mara Rudman and CFO Pat Bowditch. I also understand that the ICHEIC regulators hold internal conference calls on an as-needed basis.

For the remainder of the year, it is my understanding that you have decided to set the schedule for the Rudman/Bowditch calls with regulators, open to the entire Task Force membership, in advance, so that all who are interested will have plenty of notice to arrange their schedules accordingly. Additionally, you have scheduled a meeting with me for all interested Task Force Commissioners on August 14, 2003, at the ICHEIC office in Washington, D.C.

We also have started producing a quarterly report, now available on your website. We welcome suggestions and input on future editions of the report; we want to do our best to use this as a regular reporting vehicle to address issues of concern and interest for the ICHEIC community. We also are committed to improving ICHEIC's statistical reporting on inquiries made, claims received and in process, offers extended and payments made. We will be moving from a weekly to a monthly claims processing report, but aim for both a broader distribution list and more useful and meaningful statistical reporting, to include the aforementioned areas, as well as number of named claims received by each MOU company and the GDV, and decisions made by each as well. Finally, we would expect to also have available state by state statistics, not only on the number of claims in the process, but the number of decisions made by company by state, and the amount of payments made as well. I hope to have the new reporting

format in place by the beginning of September. When available, these new reports should also be posted on the NAIC website.

As has been the case since September 2002, the ICHEIC COO and/or CFO will be present to make presentations and respond to questions and comments at every quarterly NAIC meeting. ICHEIC's next annual meeting will occur in October 2003 (the specific date will be determined shortly) at which your designated ICHEIC regulators will have further opportunity to shape the agenda and participate fully in the discussion.

Finally on the communications front, we are in the process of revamping the ICHEIC website, to increase our outreach efforts with respect to the new names added to the ICHEIC list, and to make the site more accessible overall to a wide range of users. You will probably see the improvements in steps – we are focusing first on the immediate text priorities to make language with respect to lists and downloading of claims as easily understandable as possible. We will take a little longer to improve the graphics and other elements of the website. You should be able to observe improvements over the course of this summer.

### **III. Humanitarian Fund issues**

As most of you know, in January 2003, ICHEIC began to distribute \$132 million in humanitarian funds it received from the German Foundation for the benefit of needy Jewish victims of Nazi persecution.

The money will be distributed over 10 years to social service agencies throughout the world.

\$15 million has been allocated for 2003, \$2.4 million of which was distributed to social welfare agencies in the United States where much of the money will be used to provide homecare, an increasingly pressing need among Holocaust survivors.

This commitment was made only after I consulted extensively with representatives of Jewish groups and US insurance regulators to seek their input on the most effective ways to achieve our ends.

ICHEIC has entered into an initial one-year contract with the Claims Conference for the distribution of the funds. The contract will be reviewed on a periodic basis and, subject to satisfactory performance, the Claims Conference will be asked to distribute funds in future periods.

Also, for those of you familiar with the discussion surrounding setting percentages of funds that would go toward “social welfare” v. “education” purposes, I want to make it clear that I have dropped the idea of this formulaic approach and instead will address the merits of each humanitarian program as it is presented to me.

Please recognize that I believe that most of the funds available for humanitarian purposes should be for the benefit of needy Nazi victims worldwide. I also recognize that the Nazi's tried to kill Jewish culture as well as Jewish people, and there is merit to allocating a modest amount of the funds available to support the strengthening of Jewish culture and heritage, in order to repair some of the damage done by the Nazis.

At the recent NAIC meeting, you asked for a timeline describing the sources of the various funds available for humanitarian purposes in the future (in addition to the \$132 million already allocated) and estimated dates of when those funds would be available. The attached schedule provides just such a timeline. I would caution that you read the fine print, as the timing of the availability of most of the funds is based on the claims processing timeline. To the extent that the claims processing procedure is slowed down, the availability of funds for humanitarian purposes will be affected similarly.

**Other relevant Humanitarian Fund issues for States.**

At your request, the Claims Conference has provided the letters sent to each social welfare agency in the United States receiving ICHEIC humanitarian funds during 2003. These letters will be posted to the NAIC task force web site.