

RSM McGladrey

Ms. Patricia L. Bowditch, CFO
The International Commission on
Holocaust Era Insurance Claims
1300 L Street, NW, Suite 1150
Washington, DC 20005

Dear Ms. Bowditch,

In accordance with our engagement letter dated June 28, 2006, we have reviewed the processing of claims by staff of The International Commission on Holocaust Era Insurance Claims (ICHEIC) with assistance from the New York State Holocaust Claims Processing Office (together, the New York Staff), and by the Conference on Jewish Material Claims Against Germany (the Conference) for the purpose of evaluating the procedures surrounding the processing of ICHEIC claims which qualified for the 8A2 program (the Program) in accordance with the ICHEIC standards and guidelines provided to us. A summary of our work is set out in Appendix 1 and summary of findings is set out in Appendix 2.

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

Based on the work performed by us referred to above, in our opinion, except for the items identified in Appendix 2 of this report, the claims processed by the New York Staff and by the Conference have been accurately and reliably processed in accordance with ICHEIC standards and guidelines.

RSM McGladrey, Inc.

Bethesda, MD
October 20, 2006

Appendix 1 - Summary of Work

1. We reviewed the systems which the New York Staff and the Claims Conference have in place, including their reliability and security, and determined whether they are adequate to ensure the processing of claims in accordance with ICHEIC standards and guidelines.
2. We determined whether all relevant ICHEIC standards and guidelines, such as the Standards of Proof and Valuation Guidelines, are being applied.
3. We verified, on a statistically sampled basis, that each 8A2 claim processed has an audit trail and that the claim decision appears to be reasonable and soundly based.
4. For those claims which were awarded a humanitarian payment, we ensured that the payment was issued to the recipient. We documented the number of claims tested that (i) were awarded a humanitarian payment and (ii) received the payment in the first mailing/wire transfer. If a payment did not reach a recipient, we documented the steps taken to deliver the payment to the recipient and the ultimate outcome.
5. We drew a sample of payments from the Citibank checking account and from the stop payment account and traced the payees back to the original claim form, ensuring that disbursements from this account were made only to claimants who qualified for an award.
6. For any claims that did not qualify for an 8A2 payment, but should be considered for an 8A1 payment, we determined that the claim was transferred to the 8A1 process for consideration.

Appendix 2 - Summary of Findings

Amounts Paid

We found no claims where the amount offered to the claimant varied from that required. However, we noted thirteen (13) claimants that were each paid twice; once during the normal course of qualifying for an award and a second time due to a system error. These double payments were brought to our attention by ICHEIC Management. We discussed the claims-handling process in place that allowed the double payments to occur and noted that once the cause of the error was identified, it had been fixed. We noted that the system error was not indicative of a systemic breakdown in claims processing procedures but an isolated incident due to input error. We also noted that substantially all overpayments to claimants were subsequently returned to ICHEIC.