

International Commission on Holocaust Era Insurance Claims

Report to Lawrence Eagleburger,
Chairman

by the

Task Force
Co-Chaired by Glenn Pomeroy and Philippe Ferras

On

**The Estimation Of Unpaid Holocaust Era Insurance Claims In
Germany, Western and Eastern Europe**

Task Force Report

Table of Contents

1. Introduction: Method of Approach	pages 3-7
2. Section 1: The Undisputed Facts	pages 7-20
3. Section 2: Judgemental Factors	pages 21-31
4. Section 3: The Formulae	pages 32-39
Appendix 1: Luxembourg Treaty and Treaty with Successor Organisations	page 41 - 43
Appendix 2: Statistics on Bulgaria, Greece, Romania and Yugoslavia	page 44
Appendix 3: Market shares of MOU companies	page 45

TASK FORCE REPORT

Introduction

- 1) The Plenary Session of the ICHEIC unanimously decided in Washington on October 20-21, 1999, that it would be in the overall interest of the ICHEIC process to link its endeavours and commitments to those of the German Foundation Initiative¹.
- 2) The Task Force was established by the Chairman. Its assignment is to help the Chairman approach (with appropriate liaison with all the members of the ICHEIC) the question of the amount the German Foundation Initiative should allocate to the ICHEIC to meet the goals of the Memorandum of Understanding, signed August 28, 1998, with the specific objective of settling in a fair and expeditious manner the issue of unpaid insurance policies issued during the Holocaust era by the signatory insurers.
- 3) The Chairman of the ICHEIC asked the Task Force to report to him and appointed two co-chairmen, Glenn POMEROY (Insurance Commissioner of North Dakota and former President NAIC), and Philippe FERRAS (Executive Vice-President AXA-Paris). The Task Force was free to decide on its composition and working procedures, provided it approached the issues in an even-handed way.
- 4) Since the establishment of the ICHEIC in 1998, the focus has been almost exclusively on the commonly agreed “claims-driven” approach and there has been no substantial discussion regarding the global figures of the insurance markets of that time or on how to approach the issue of the Humanitarian Funds as embodied in the MOU (art. 8-a-1, 8-a-2 and 8-b). Therefore, in an effort to reach a conclusion in a short timeframe, the Task Force established the following:
 - a) In terms of working procedures:
 - i) The number of people invited to participate in the Task Force should be strictly limited in order to move quickly. The following persons contributed on a permanent basis: Karen ASHER-COHEN (Florida Insurance Department), Frank R. LICHTENBERG (Economics Professor, Columbia University Graduate Business School), Catherine LILLIE (Holocaust Claims Processing Office, New York State Banking Dept), Helen B.JUNZ (Economic Consultant to ICHEIC), Shawna ACKERMAN (Actuary, advisor to California State Insurance Regulator), Lise RENELLEAU (actuary AXA-Paris); David BUTLER from the London ICHEIC was designated as Secretariat.
 - ii) The parties (Jewish organisations and insurance companies) should be invited to present their views.
 - iii) The final report should be given to the Chairman.
 - b) In terms of overall approach:
 - i) The Task Force opted for a “top-down” approach. It had been foreseen that this approach was to have been employed at a later stage during the ICHEIC process, supplemented by an audit programme, notably after the “claims-driven” process was in place and the number of potential claims was better known, as a result of the present “Fast Track” procedure and of the forthcoming “Outreach” programme.

¹ Later known as the Foundation “Remembrance, Responsibility and Future,”

- ii) Analysis should proceed on a country-by-country basis; and specific factors should underlie the analysis in each separate country case, e.g., the size of the insurance markets, the relative size of the Jewish population and its propensity to insure, the date Holocaust persecution started, the various components of the discriminatory practices, the establishment of post-war compensation programs, etc.
 - iii) Values should be established in local currencies of the period because they relate to local data of that period.
 - iv) The Chairman will need to determine, in conjunction with all the other members of the ICHEIC, how the findings and overall evaluation of the MOU companies' exposure should be treated in order to bring them to current i.e. 1999 values.
- 5) The Jewish organisations as well as the companies, when informed of these operational decisions at the time they made their presentations in London and New York, voiced no objections. The Chairman was satisfied with this overall approach.
- 6) In making their estimates of the totals, the Jewish representatives as well as the companies who made presentations to us, adopted a broadly similar approach. We therefore believe that the approach has broad consensus, even if the ultimate figures that can be derived may differ widely.

The Three Sections

- 7) We have divided the country-by-country approach into three sections:
- a) "Undisputed facts": these are statistical data for which the sources are well-established and broadly accepted as reliable.
 - b) "Judgmental factors": these are estimates based on assumptions and derivations about which there may be differences of view, whether as regards pure facts or interpretation of the commitments of the companies under the MOU or extension of these commitments and, in view of the many uncertainties, where we have tried to indicate a possible range of figures; furthermore, the choice of where, within these ranges, the emphasis would fall also requires judgmental factors.
 - c) Proposal of formulae: using the data and estimates, on which estimates of the MOU companies' exposure might be calculated.
- 8) For each of these three sections, we have tried to insert precise quantified elements, as detailed below:
- 9) **Section1**
- a) The size of each market in terms of numbers of Life insurance policies, sums insured and mathematical reserves.
 - b) Total population in each country to derive estimates of participation rate (policies per capita) and average sum insured per capita.
 - c) Statistics of the Jewish population in each country. Estimates of the numbers who perished; estimates of survivors in each country.
 - d) Figures for the share of the total insurance market in each country held by the companies that are members of the groups of MOU signatory companies.

Although given that lack of some data and some specific country factors (such as moving borders during the period) led to some inconsistencies in the report, the Task Force is of

the view that the facts and figures included in Section 1 give a fair overview of the situation and constitute a solid ground for moving to Section 2 and then Section 3.

10) Section 2

We have tried to determine the “best estimates” regarding:

- e) The rate of participation of the Jewish population in the insurance market. We examined the propensity of the Jewish population to purchase insurance relative to that of the population as a whole (however we have relatively little information on this point).
- f) The average sums insured by the Jewish population and their ratio to the average values found for the market as a whole.
- g) The size of the Jewish population in each country that is relevant for an assessment of its share in the insurance data of that country. Given the migration flows that occurred in Europe in the late 1930s and early 1940s, it is important to try to assign to each country the appropriate domestic population. Similarly, the deportation and death figures have to be correctly assigned, as far as they can be.
- h) The base value of insurance policies attributable to those who perished and those who survived.
- i) The proportion of policies that have been paid before or after the war or which may have been treated under compensation or restitution programmes after the war. From this assessment of the volume of “paid-unpaid” policies we can derive the base value of unpaid policies attributable to Holocaust victims, whether perished or surviving.

There is a significant difference of opinion regarding the issue of paid but not received policies. While the companies consider these paid (according to Nazi local laws and regulations), regardless of who was the recipient, the Jewish groups have consistently stated that policies not received by the appropriate beneficiary cannot be considered settled.

During the course of the examination and given the very sparse information that exists and/or could be collected regarding a) number of policies per Jewish household and b) average value of Jewish-owned policies, the Task Force opted for a single judgmental factor for a) and b) which it called the "Jewish insurance propensity" factor.

Consequently, In Section 2, the two main judgmental factors for which the Task Force clearly endeavoured to give a range of figures were:

- a) the "Jewish insurance propensity", and
- b) the percentage of unpaid policies.

11) Section 3

- Both parties were asked to propose a formula or formulae taking into account all the relevant factors as set out in Sections 1 and 2. This obviously is a critical step which requires a good deal of subjective judgement and which, no doubt, will be questioned by each party, necessitating in the end a face-to-face meeting to reach a consensus. But this process should be helped by the fact that areas of agreement and disagreement will have surfaced clearly and that discussion can proceed within the ICHEIC from a jointly accepted basis.

- The companies gave inputs for two sets of formulae, one for all countries except Germany, and a separate one for Germany.
- The Jewish organisations provided a detailed proposal for Germany from which it is also possible to derive a formula for all the other countries.

12) Having heard from all parties, it appeared to the Task Force that, although each “judgmental factor” may differ for each party, there may be at least a consensus on the formulae to be implemented in all the countries except Germany, which constitutes a separate case.

13) In the former, multiplying the various relevant “facts” and “factors” as outlined in Sections 1 and 2 allows for a reasonable approach to the “unpaid” Life insurance policies for each of the relevant groups in local currency of that time.

14) For Germany, one has to take into account:

- the relevant events, i.e., the erosion of Jewish-owned assets began in 1934, five years before the war started.
- the post-war restitution programmes which were implemented; however, these are viewed differently by the parties. An issue in that respect is: were the heirless claims covered by the various treaties and laws in 1952 and 1956 (as stated by the companies and the German regulator)?
- or is there still a group of claims or claimants not yet compensated or not yet fairly compensated (as stated by the Jewish organisations)?

15) The report now addresses the various Sections :

- Section One: **The Undisputed Facts.** This section describes the “undisputed” facts with a summary description of the situation in each relevant country.
- Section Two: **The Judgement Factors.** This section considers the “judgemental factors” with an emphasis on the Jewish insurance propensity to determine the pre-Holocaust Jewish-owned insurance assets and the percentage of remaining unpaid policies; for these two decisive factors, the Task Force proposed alternative ranges of figures.
- Section Three: **The formulae.** We propose different formulae, one for Germany and another for the other countries to yield a view of Holocaust exposure by country. Here again two different technical approaches are possible with different results; consequently, each of these different formulae must be calculated on the basis of the alternative ranges of figures as set out in Section Two.

16) Once there is a consensus on the Holocaust exposure in each relevant country, the share to be attributed to each MOU company and its affiliates can be derived automatically from the market share of each of them in each country. The companies have provided the Task Force with the relevant statistical data and they are in agreement on their own market-shares. These market-shares are included in Appendix 3 of this report. These figures, which are derived from well-known and public documents, will be audited by the ICHEIC auditors; they then, and only then, may be considered as indisputable; at this stage and as presented by the companies, they may be considered as temporarily valid.

17) Again, it must be emphasised that the Task Force has worked on a country by country basis and that all figures are figures of the pre-Holocaust or immediate post-Holocaust period. The Task Force did not want to make any proposal of a valuation

process in order to bring the Holocaust exposure to a 1999 value. It did so for Germany only because both the Jewish organisations and the companies provided a valuation key (divergent ones) in their own proposal for this particular country. The Task Force did not discuss the relevance of such valuation keys and is not in any way committed to these methodologies, negotiation on which must proceed in a different ICHEIC forum as it was not included in the Task Force's mandate.

SECTION 1 : THE UNDISPUTED FACTS

Introduction

18) Each of the following sections includes, the following information (by country):

- a) Statistics for life insurance.

- b) Relevant historical information.

- c) Estimates of total population.

- d) Estimates of Jewish population.

- e) The death toll the Holocaust took on the Jewish population.

19) We have looked at four groups of countries:

- a) Germany

- b) Western Europe: Austria, Belgium, France, Italy, Netherlands

- c) Eastern Europe: Czechoslovakia, Hungary, Poland

- d) Others: Bulgaria, Greece, Yugoslavia, Romania

20) It should be noted that only the first three groups above were targeted by the Audit Group and subject to subsequent ICHEIC auditors' confirmation. The fourth group, about which we had less information, is covered in Appendix 2.

Sources

21) The primary sources are:

- Assekuranz Jahrbuch published annually
- Neumann's Jahrbuch for Germany

Where possible we have used national statistical publications to cross-check the data in the Assekuranz Jahrbücher.

22) Further information has come from:

- papers submitted to ICHEIC;
- papers presented to the London Conference on Nazi Gold, Nov. 1997;
- papers presented to the Washington Conference on Holocaust Era Assets, Dec. 1998.

23) For estimates of the Jewish population we have used information supplied by Helen JUNZ, who has been preparing a report on the pre-war wealth owned by the Jewish population in Nazi-affected countries for the VOLCKER Committee. Her sources were the various census data in different countries, as well as the more authoritative publications, archives and libraries with information on Holocaust events. At her suggestion, we defined our target population as that persecuted under the Nuremberg laws of 1935, although this necessitated making estimates of the adjustments that would

have to be made to the pre-Nazi era population data in those countries where population information was classified by religious affiliation.

We have also reviewed a demographic study of German Jewry produced by Professor Moshe SICRON for the Statistical Approach Group, chaired by Moshe SANBAR.

Years

24) For Germany, we used two base years: 1933 (the year when the Nazi Party came to power and before the main effects of anti-Jewish measures started to be felt) and 1938 when most of the anti-Jewish discrimination laws had been implemented.

25) For the other countries we used 1938 as the base year (with the exception of Austria, Czechoslovakia, Hungary and Poland where 1937 or 1936 are used) because it is the last pre-war year in which insurance markets were not yet influenced by the Nazis and for which we have reasonably reliable data. Moreover, the territorial boundaries had not yet been dismantled as a consequence of the expansion of the Third Reich.

Basic information.

26) The statistics of the Jewish population compared with the general population are also summarised in the final section of this Part for all countries.

27) The tables in the text show for each country:

- a) Premium income for Life insurance companies. Most of the time this is “gross” income (including the portion of these premiums that was ceded to reinsurers).
- b) Premium reserve or mathematical reserve. This is the present value of the companies’ liabilities towards policyholders, calculated on an actuarial basis (taking into account accumulated saving and mortality risk liabilities).
- c) Sum insured. This is the total capital insured in case of death of the insured portfolio. For endowment or mixed policies it is traditionally the value at maturity, which consists of accumulated premiums plus earnings.
- d) Number of outstanding policies.

28) In some countries, substantial business was conducted by state-owned companies or public sector institutions (e.g. France, Italy, Poland). In such countries, the market share of the MOU companies is smaller than elsewhere. Figures for France, however, are for private sector companies only, because figures for public sector insurance were not published; consequently, the market shares of the companies, notably of the MOU companies, are much higher for France than elsewhere.

Type of pre-war insurance product

The companies presented the following regarding pre-war insurance products:

- Most life insurance sold in Europe before the war was a form of savings plan: the so-called “mixed policies” that guaranteed payment of the sum insured in case of death and payment of the accumulated capital at the end of the policy (generally 20 years), which normally equals the sum insured.
- In the first few years of the life of a policy, the cumulative premiums exceeded its cash (surrender) value because of the need to cover the risk premium, the acquisition costs paid to the agent when the policy was initiated, and the administrative expenses. Acquisition costs paid to agents were usually paid in

the first three years. Consequently, a policy for which the policyholder stopped paying premiums during the first three years would receive no benefits and the company would cancel the policy.

- If after this initial period, the regular premium due was not paid, the policy was converted into a “paid-up” policy either at the request of the defaulting policyholder or automatically at the company’s own initiative if the policy holder did not respond to the company’s written requests for payment of the late premiums. The “paid-up” policy would entitle the policy holder to a lower level of benefits at the policy’s maturity or upon death of the life insured.
- The break-even point came in about year 12 of a policy. Profits would only accrue in the final years. Thus a company’s interest was (and still is) to ensure that contracts ran to the full term.
- At any time and notably when converting a policy to a “paid-up” status, the policy-holder was entitled to ask for immediate payment of the “surrender” value of his policy; alternatively, he could ask for a loan based on the surrender value of his policy which, then, was not cancelled but remained open and in force.
- At maturity date the company calculated the remaining amount to be paid to the beneficiary; this amount was often minimal if the loan had not been repaid in-between. The “paid up” value would be higher than the surrender value because, instead of being cashed out immediately, the policy would stay with the insurance company until full maturity and consequently would earn interest.

WESTERN EUROPE

GERMANY

Insurance Market

	<u>1933</u>	<u>1938</u>
Population, million	66.0	
Sums insured, RM million	16,770*	26,443*
Premiums, RM million	891	1,480
Mathematical reserve, RM million	3,200	6,670
Number of policies, thousand	17,982*	31,427*
Average policy sum insured, RM	933*	841*
Average policy mathematical reserve, RM	178	212
Average policies per capita	0.27	0.47

Source: Neumann's Jahrbuch

* Note: Figures exclude "group insurance" (where the insurance contract is between the employer and the insurance company, and where individual claims may be against the employer). Average sum insured in group schemes tended to be low. The exclusion of group insurance for 1933 and 1938 was derived by using the same proportions, in numbers and sum insured, as existed in 1934 national statistics.

The ratios found in 1934 are:

% Group in total policies	24.0%
% Group in sum insured	14.1%

They were applied to the Neumann raw figures:

	1933	1938
Sum insured, RM million	19,523	30,784
Number of policies, thousand	23,660	41,351
Average policy sum insured, RM	825	744
Average policy reserve, RM	135	161

29) The following points were presented by the companies:

- The Depression in Germany from 1929-32 caused many policyholders to stop premium payments, converting their policies to a lower sum insured or cashing immediately the surrender value. Alternatively they might take out loans against their policies to raise cash.
- Though the market recovered with the end of the Depression, economic deprivation continued to force a similar pattern on the Jewish population from 1934 onward.
- The special research conducted in its archives by one MOU parent company on five of its distinct companies' portfolios showed that the sum insured for Holocaust-affected policy holders (as determined through the BAV questionnaire – see below) reached a peak in 1934 (growing to about 180% of its 1928 value).
- The withdrawal from Life insurance was particularly strong in the years 1937 and 1938 so that, on the evidence of one company's files, the policies attributed to Jewish policyholders fell to 10% of their 1928 level.

30) Jewish population

- The estimated size of the Jewish population in Germany in 1934 (within Germany's 1934 boundaries) was 550,000 (within the definition of the Nuremberg laws) constituting 0.8 % of population.
- The number perished was estimated at 165,000, constituting 30% of the Jewish population.

AUSTRIA

Insurance Market

	<u>1936</u>
Population, million	6.8
Sums insured, Schilling million	1,834
Mathematical reserve, Sch. million	519
Premiums, Sch. million	75
Number of policies, thousand	1,472
Average policy sum insured Sch.	1,246
Average policy mathematical reserve Sch.	353
Average policies per capita	0.216

Historical Background

- After the 1936 collapse of the Phoenix Insurance Company, which operated in Austria, Germany, and Eastern Europe, its portfolio in each country was transferred to an existing company or in the case of Austria to a new entity, ÖVAG.
- Anschluss: The Nazis marched into Austria in March, 1938; Austria merged into Third Reich April 1938. German insurance regulations were immediately applied and German and Italian companies assumed the foreign-owned operations.
- April 1938: Jews required to report assets exceeding RM 5000. 20,815 life insurance contracts were reported in this census (see Part 2 below for the analysis of the Census of Jewish Assets in Austria regarding insurance).
- Jewish-owned insurance contracts confiscated by the Third Reich in November, 1941; all contracts regarded as cancelled from December 1941.
- Post-war restitution arrangements: Three acts covering restitution and compensation for all types of property 1946-47, Insurance Compensation Act 1958. Claims had to be registered within one year. Law to re-establish insurance (1955) limited payments to 40% of contracts. Austrian Insurance Association quoted compensation of 456 contracts at nearly Sch. 1.5 million, citing an average of Sch 3,086 per policy.

Jewish Population

- The Jewish population in 1933 was estimated at 217,250 (within the definition of the Nuremberg laws) constituting 3.2 % of the total population.
- About 92% (nearly 200,000) lived in Vienna.
- The number who perished is estimated at 65,460 (30.1 %).

BELGIUM

Insurance Market

	<u>1938</u>
Population, million	8.3
Sums insured, Bf million	12,011
Mathematical reserve, Bf million	3,120
Premiums*, Bf million	566
Number of policies, thousand	2,288
Average policy sum insured*, Bf	5,250
Average policy mathematical reserve, Bf	1,364
Average policies per capita	0.276

* Number of policies is an estimated figure from US Army Service Forces information handbook. Average policy value found in US Army source consistent with numbers estimated.

No insurance regulatory authority until 1956.

Historical Background

- German Occupation 1940.

Jewish Population

- 65,000, representing 0.8% of the total population, excluding pre-war refugees.
- 35,000 deported or imprisoned; 28,500 perished (43.9 %).
- Nationals of countries incorporated into the Third Reich were subject to confiscation and blocking of accounts. Consequently, as only very few long-term immigrants had obtained Belgian nationality, a significant share of the Jewish population in Belgium fell victim to the Nazis' dispossession activities.

FRANCE

Insurance Market

Only direct and indirect domestic business available*

	<u>1938</u>
Population, million	41.3
Sums insured, Ff million f	65,032
Mathematical reserve, Ff million	17,717
Premiums, Ff million	2,968*
Number of policies, thousand	3,135
Average policy sum insured, Ff	20,744
Average policy mathematical reserve, Ff	5,651
Average policies per capita	0.076

* The figure for premiums, when compared with the national statistics which give Ff 2.688 million for premiums, shows that 9.5% is included in the figure above for assumed reinsurance (reinsurance by the retail companies for others). There is thus some overstatement in the above figures due to double counting of assumed reinsurance.

Historical Background

- Invasion 1940, establishment of Vichy government with German army occupying two-thirds of the territory.
- Board for Jewish Affairs (Commissariat General aux Questions Juives, CGQJ) established March, 1941. Censuses: in occupied zone October, 1940 and in non-occupied zone June, 1941; figures were not reliable. Aryanization began with expropriation of enterprises and securities from July, 1941 (information from the report of the London Conference on Nazi Gold - December, 1997).
- Nazi expulsion of Alsatian Jews to unoccupied zone – July, 1940. Compulsory transfer of Alsace-Lorraine portfolios to German companies. However we have no information on the actual completion of this transfer.
- May 20, 1941, Central Office of Emigration in Berlin's circular letter to all German consulates, informing them that Göring had banned all emigration of Jews from all occupied territories, including France.
- No confiscation of Jewish-owned insurance policies. But from Sept. 1941, no new policies issued to Jews, except by a state institution.
- From Sept 1941, payments by insurance companies above Ff 10,000 to Jewish beneficiaries in the occupied zone went into blocked accounts.
- Ff 1 billion fine levied on Jews' blocked accounts in Dec. 1941, in retaliation for attacks against the German occupiers.
- March 1942 - first convoy to concentration camps.
- Nov. 1942 - after the entry of the Allied Forces into North Africa, Germany occupies all of France.
- Paris is liberated and General de Gaulle cancels all discriminatory regulations on Sept. 1, 1944.

Jewish Population

- Jewish population 1934 - 250,000; around 0.6 % of total population.
- Pre-war immigrants number 55,000.
- 75,700 deportees according to the CDJC (Centre de Documentation Juive Contemporaine), i.e. the "Klarsfeld" list (of whom 33 % of French origin, 35% Polish, 9% German, 6% Russian, 4% Romanian, and 3% Austrian).
- Total number perished 76,100, i.e. 25 %.

ITALY

Insurance Market

	<u>1938</u>
Population, million	43
Sums insured, Lire million	25,903
Mathematical reserve, Lire million	6,478
Premiums, Lire million	1,152
Number of policies, thousand	2,769
Average policy sum insured, Lire	9,355
Average policy mathematical reserve, Lire	2,339
Average policies per capita	0.064

Historical Background

- Italy was an ally of Germany before and during the war. Some anti-Jewish measures were introduced before the war, mainly excluding Jews from professions. But economic and other anti-Jewish measures were not rigorously applied until the German occupation in 1943.
- Post-war decree by Italian government designated the Italian Jewish community heir to all heirless Jewish assets.

Jewish Population

- Jewish population 1933 - 48,000. About 0.1% of total population.
- Had risen to 50,000 by 1939, mainly refugees e.g., from Bulgaria. Evidence that Jewish refugees from Bulgaria were allowed to enter Italy 1941 and become Italian citizens. (London Conference on Nazi Gold, Dec. 1997).
- Estimated Holocaust victims 9,000. 7,600 perished (17.5 %).

NETHERLANDS

Insurance Market

	<u>1938</u>
Population, million	8.5
Sums insured, fl million	2,192
Mathematical reserve, fl million	1,176
Premiums, ² fl million	144
Number of policies, thousand	1,237
Average policy sum insured, fl	1,717 ³
Average policy mathematical reserve, fl	951 ⁴
Average policies per capita	0.145

Historical background

- German occupation in 1940.
- Compulsory registration and deposit in LIRO Bank of financial assets owned by Jews, including insurance policies 1942.
- Insurance policies, after forcible deposit with other financial assets in LIRO bank in 1942, were cashed in at Nazi behest in 1943.
- Post-war 1948 and 1954 agreements on payment of surrender values to beneficiaries or on re-instatement of policies.
- November 1999: agreement between the Dutch Association of Insurers and the local Jewish community for a global settlement (fl 25 million to cover individual claims, fl 20 million for causes determined by the Jewish community and fl 5 million for the Monument of the Jewish Community Project, an educational project).

Jewish Population

- Jewish population 1938 estimated at 140,000, including pre-war immigrants; excluding immigrants the population estimated at 118,000.
- By 1941, official statistics put number of Jewish population at 160,882 on widest definition (i.e. incl. all so-called degrees of Jewishness according to the Nuremberg laws), of whom 138,630 were Dutch and 22,252 were foreigners, predominantly German.
- 107,000 were deported, 104,000 perished. (74.3%).

² Including "Volksverzekeringen". These were low value policies with an fl 300 upper limit, mainly burial insurance, no surrender value, and were not designated to be compulsorily surrendered to LIRO. Other figures do not include burial insurance.

³ This figure was obtained from official statistical sources (not derived from other figures).

⁴ Derived from total figures

EASTERN EUROPE

CZECHOSLOVAKIA

Insurance Market

	<u>1937</u>
Population, million	15
Sums insured, Koruna million	13,422
Mathematical reserve, Kc million	4,644*
Premiums, Kc million	606
Number of policies, thousand	1,112
Average policy sum insured, Kc	12,070
Average policy mathematical reserve, Kc	4,176
Average policies per capita	0.074

31) The companies presentation, based on the Assekuranz Jahrbuch, showed:

- Bohemia-Moravia, 1939 total market sum insured - Kc 10,245 million; mathematical reserve Kc 4,148 million; premiums Kc 482 million. [insured value compared with Assekuranz Jahrbuch figures for total sum insured of 1937 = 76%]
- Slovakia market Kc 1,022 million sum insured. Number of policies 44,373.

Historical Background

- Germany occupied Sudetenland in September, 1938. Poland and Hungary absorbed other territories. Bohemia-Moravia was created as a separate State, it then occupied as the Protectorate in March 1939. Only Slovakia retained "independence".
- Nazis deprived the Jewish population of the Sudetenland of the right to own insurance. The majority of the Jewish population left Sudetenland after the Munich treaty in 1938. At that time, the Sudetenland insurance portfolios, which no longer contained Jewish-owned policies, were transferred to German companies.
- Czech insurance companies were taken over by German or Italian companies. French, British and Swiss companies, which had also acquired Czech portfolios after 1938, were later taken over by German companies.
- Jews were required to register property, including insurance. Jews were allowed to benefit from insurance up to Kc 5,000 (about \$ 1,000) only. From 1940 payments to Jewish policyholders were made into bank accounts under State control.
- There is no evidence of post-war payments/compensation.
- Communist take-over resulted in state take-over of private insurers and state monopoly for insurance.

Jewish Population

- Estimated Jewish population in 1934: 396,000, around 2.6% of the total population.
- Emigration "encouraged". Estimated 26,000 left between March 1939 and November 1942.
- 265,000 perished (67%).

HUNGARY

Insurance Market

	<u>1937</u>
Population, Pengö million	9.0
Sum insured, P million	669
Mathematical reserve, P million	175
Premiums, P million	32
Number of policies, thousand	809
Average policy sum insured, P	827
Average policy mathematical reserve, P	216
Average policies per capita	0.09

Historical background

32) The following information was provided at the London Conference on Nazi Gold, Nov. 1997, and the Washington Conference on Holocaust Era Assets Dec 1998.

- Hungary was an ally of Germany before and during the war.
- Hungary acquired territory from Czechoslovakia, in 1938 - 1939, from Romania in 1940 and from Yugoslavia in 1941. Transfer of foreign insurance portfolios to Hungarian companies.
- Anti-Jewish legal discrimination introduced from 1938, but confiscation and deportation were enforced later during the war.
- Hungary entered war in June 1941.
- German occupation in March 1944. Blocked accounts and seizures during 1944. Assets from Eastern part of Hungary transferred to Budapest office of Hungarian Savings Bank.
- After war, German and Austrian owned companies were taken over by East-European Insurance Corporation (Hungarian registered, but Russian owned). Companies of British, Italian or Hungarian ownership were exempt from take-over and remained operative until merger and liquidation ("cold nationalisation") from 1950 onwards. Take-over of all companies' portfolios by State Insurance Company.
- 1946 Jewish Restitution Fund established, obligation to hand over heirless property to survivor organisations. Inventory of ownerless goods compiled by Centre for Credit Institutes Corporation. The Restitution Fund ended in 1954, assets transferred to State Office of Ecclesiastic Affairs, which gradually sold relinquished properties. All proceeds nationalised. There is no evidence that any insurance policies were compensated.

Jewish Population

- Population within old (Trianon Treaty) boundaries 521,640. (247,000 in Budapest) Representing 5.7 % of population.
- Population within wider Hungary in 1941: 825,000.
- Losses before German occupation 42,000 to labour battalions, 21,000 to deportation and Bacska massacres (1941-42).
- Total perished estimated at 298,000 from Trianon Hungary, i.e. 57.14 % and 267,000 from annexed territories.

POLAND

Insurance Market

	<u>1937</u>
Population, million	34.0
Sums insured, Zloty million	633
Mathematical reserve, Zl million	141
Premiums, Zl million	28
Number of policies, thousand	261
Average policy sum insured, Zl	2,425
Average policy mathematical reserve, Zl	540
Average policies per capita	0.0077

One company supplied an estimate of loans granted on its Life policies of Zl 22.7 million.

Historical Background

A paper supplied to the Commission by a Polish observer to the ICHEIC provided the following information:

- German invasion August 1939. Anti-Jewish measures imposed almost immediately.
- Poland partitioned with Soviet Union. The latter occupied Eastern Poland. Third Reich absorbed Western Poland under the General Government.
- Most domestic companies self-liquidated. The Third Reich kept the largest in operation as the General Mutual Insurance Company (PZUW). Two Italian companies remained active (Generali and RAS).
- 1947 Polish government liquidated all insurance companies and merged portfolios into PZUW. Compulsory administration of RAS & Generali portfolios given to Post Office Savings Bank. PZUW became PZU. Claims for repayment invited.
- Successive consultations between governments of Poland and Italy from 1950. Poland sought repayment for the liabilities. No agreement was reached.
- In 1963, PZU started making payments on life policies, but only to Polish residents.
- Polish archives apparently show that PZU, as liquidator, made payments to about 35,000 people. For the Italian companies, payments were made to 1,410 claimants.
- Estimated death toll in Poland during war 5 million, 15% of total population.

Jewish Population

- 3.3 million Jews, approximately 9.7% of population, with a much higher percentage in cities; notably in Warsaw (15 %).
- 2.9 million perished (88%).

SUMMARY STATISTICS ON THE JEWISH POPULATION (2(C))

33) Our base year for the estimates of Jewish population is 1934. This is prior to the Nazis' anti-Jewish measures taking effect. The sources have been the various censuses in each country, with interpretation and additional information from Helen Junz. The censuses, if they recorded ethnicity at all, did so mainly on the basis of religious affiliation. The Nazis applied a wider definition from 1935 onwards – under the Nuremberg laws. It is necessary therefore to add an estimated number to the census data by interpolation.

34) For each country estimates of the numbers who perished are included.

Country	Total population million	Jewish Population Nuremberg Definition	Jewish pop. as percent of total pop. %	Perished 000	Per cent of total
Germany	66.0	550,000	0.8	165	30
Austria	6.8	217,250	3.2	65.5	30.1
Belgium	8.3	65,000	1.0	28.5	43.9
France	41.3				
incl. pre-war immigrants		305,000		76.1	25
excl. pre-war immigrants		250,000	0.6		
Italy	43.0	48,000	0.1	7.6	15.8
Netherlands	8.5	140,000			
incl. pre-war immigrants			1.8	104	74.3
excl. pre-war immigrants		118,000	1.4		
Bulgaria	6.2	50,000	0.8	11.3	22.7
Czechoslovakia	15.0	396,000	2.6	265	67.0
Hungary	9.0	521,640	5.7	298	57.1
Poland	34.0	3,300,000	9.7	2,900	87.9

35) In estimating the numbers of survivors we have to take account of those who remained in a country (or returned to it) and the flows of migration before and (for the few who escaped) during the war. The main places of refuge were North America, Palestine and other parts of Europe. For the latter, however, many may have been swept up later in the tide of Nazi occupation. Allowance should also be made for demographic trends.

36) In some countries the first people to be deported and to perish were those who had recently arrived. They would be likely to have had insurance in their country of origin. Where possible we have tried to take account of this factor in our assessment of country data.

SECTION TWO: JUDGEMENTAL FACTORS

37) This part of the report focuses on the information available on which estimates of the following may be based:

- (a) The average participation in insurance of the Jewish population i.e. the propensity to insure.
- (b) The average market value of insurance policies held by the Jewish population and its relation to overall market averages.
- (c) That part of the Jewish population in each country that may have owned insurance. This involves distinguishing long-term residents from those who came to the country shortly before the war and who were likely to own insurance (if any) issued by companies in their country of origin. It may alternatively be necessary to consider emigrants (e.g. from Germany) who had insurance.
- (d) Distinguish those who perished and those who survived, because each group may have different insurance values attributed to their policies.
- (e) The percentage of policies which have been paid or compensated, so as to derive the policies which remained “unpaid”.

(a), (b) and (e) are considered in the following paragraphs; (c) is considered in paragraphs 44 & 45; (d) is considered at Section 3 (paragraph 85ff). The following notes the evidence presented by each party, followed by our proposal.

(a)& (b) Estimating the Propensity to Insure of the Jewish Population

Sources

38) Insurance companies in the normal course of their business did not ask their customers about their ethnic or religious affiliation. Consequently, any statement on the behaviour of the Jewish population towards insurance, whether in terms of number of policies per capita or of average policy value, cannot rely on the statistical information that predates the Holocaust.

39) During the Holocaust, the Nazis ordered that special censuses of Jewish-owned assets, based on the pattern of their own 1938 censuses (conducted in Germany and Austria) be conducted in a number of other countries (e.g. France, Poland). The accuracy and reliability of such figures, given the extreme circumstances of the time, are open to doubt. It can be argued that it was in the vested interest of the Nazis to inflate the figures. Conversely, it was in the vested interest of the Jewish respondents to give as low a figure as possible. However, it should be noted that penalties for inaccurate reporting were significant.

40) The German regulatory authority, the BAV, provided information based on a synthesis of the answers given by the German operational companies of the five MOU insurance signatories to the January 1999 questionnaire sent them by the BAV. This report assessed the proportion of “relevant” policies as defined by the BAV to the total surviving files of the period. It also gave information about the proportions which were paid or unpaid and which had been subject to compensation procedures.

41) Although theoretically discrete concepts, in practice it may not be possible to separate the propensity to insure from the average amount insured. Neither party attempted to do so. Nor did they attempt to distinguish different factors for each country.

Assessment by the Jewish organisations

42) The Jewish parties' analysis concluded that the Jewish population on average held at least two to three times as much insurance per capita as the market as a whole. This might be represented by a calculation that assumes the same participation rate as the population as a whole and sets the average sum insured at two to three times the population average.

43) They presented the following arguments to support the view that the Jewish population had a higher than average participation rate and held higher than average value policies:

a) Urban populations and the middle classes would have held more insurance for higher than average sums. The Jewish population was predominantly urban and middle class. An above-average proportion of Jews were in certain professions and self-employed. In Eastern Europe for example, 4% of the Jewish population were in rural areas, 96% were urban, while half the non-Jewish labour force was in agriculture. In Western Europe, more than half the active Jewish population was in trade and finance, whereas for non-Jews the figure was about 20%. In Poland, 50% of the lawyers were Jewish and 35% of doctors, although only 10% of the population was Jewish. In Germany 15% of lawyers and 10% of doctors were Jewish, although only 0.8% of the population was Jewish, while most of the working Jewish population was self-employed as compared to 10%-20% of the non-Jewish population. Moshe SICRON quotes somewhat different figures, but the substance remains the same.

b) Data from the Vienna archive of asset declarations (which the Claims Conference had sampled before the results of Helen JUNZ'S work – see below) strongly suggested that the average value of policies being declared was 2 ½ times the overall surrender value of policies. Given that the asset declaration required the Jewish population to report surrender values, the multiple on this analysis can be presumed to be even higher.

c) The Hungarian presentation to the Washington Conference on Holocaust-Era Assets arrived at a figure of 4 times the average. Additionally, studies in the Netherlands of the policies surrendered to LIRO had estimated Jewish-owned policies at 4.5 times the average.

d) An analysis of some claims currently with the U.S. regulators reported face values with the following multiples of the average – Austria 4 times; Hungary 2.7 times; Czechoslovakia 3 times. This information was derived from a small sample of policies, but these figures were consistent with the general analysis.

e) The responses to the BAV questionnaire from those companies who had supplied reports to the ICHEIC Statistical Approach Group indicated Jewish-owned policies were from 1.78 to 3.95 higher than the general average.

f) An analysis of the information provided by Allianz to the Task Force suggested a multiple of 6.07 for Jewish policies over the average in 1933, however, deduction of group policies from the total, raised the average for the remaining policies and reduced the differential to 1.81 times.

44) In conclusion, the Jewish parties stated that the limited evidence pointed to higher multiples. They offered an estimate of two to three times for all countries. More specifically for Germany, three times the average was proposed to encompass both the propensity to insure and the average policy value.

Assessment by the companies

45) The companies offered a participation/holding factor of 1.25 times the average holding for Germany. This was derived from an earlier presentation and publication by Sidney Zab Ludoff on Jewish assets in Europe (“And It All but Disappeared” – WJC). In this he concludes that the wealth (not insurance) owned by the Jewish population was on average 1.25 times that held by the population at large.

Assessment by the German Regulatory Authority, the BAV

46) The BAV synthesis of the reports provided by MOU companies was as follows:

- a) 2.2 million files were found.
- b) 44% have been sampled or searched (968,000).
- c) The number of files, according to the definitions set by the German authorities as to the characteristics suggesting they concerned Holocaust victims (“relevant files”), amounted to 7,051. The characteristics sought covered all those likely to be Holocaust victims, not just Jewish policyholders, though they would be the largest group.
- d) The BAV statistical approach indicated that the proportion of Holocaust Era files to the total archive was 0.54%. [It should be noted that this figure was not derived from a random statistical sample, but was based in part on a full search and in part on the result of sampling].

47) The BAV further said that:

- a) In their view, the 0.54% was an upper limit. The “relevant” files were those that might be subject to compensation proceedings after the war. They were therefore more likely to have been preserved beyond the legally required period for preservation after closure [ten years] in contrast to non-“relevant” files where no prospect for compensation existed.
- b) In the ordinary Life files (i.e. those that had an insured value above RM 2,000) the average sum insured for “relevant” files was found to be twice the average sum insured for ordinary life in the German market. The small sum insured policies (below RM 2,000) were at the average of the German market. However, of the contracts which were thought to be still unpaid, the sum insured was lower than the average for the German market. Indeed, the open and unsettled amount of these “relevant” policies was in the range of 10-40% of the sum insured. The main reason for this was that many policies had substantial loans against them or had been exempted from premium payments because the policy holder was in economic distress, notably, as a result of Holocaust-related persecution.

Discussion

48) We gave considerable thought to the significance of this information from the search of relevant files in the archives of the German companies. A detailed discussion of the results in relation to “unpaid” and “uncompensated” categories is in section (e) below. We are concerned with the implication that the average number of policies per capita held by Jewish policyholders would be less than the average for the population as a whole. The Task Force agreed we would have expected the proportion to reflect the share of Jewish people in the population (0.8%) or higher, given the demographic and social mix. This is true because of the unusually high percentage of urban professionals and self-employed individuals within the Jewish population. Historically, these groups of individuals purchased more insurance.

49) The following points were discussed:

- a) The finding that 0.54% of the files could be associated with Jews (or other Holocaust victims) compares with the proportion of Jewish population to the total German population of 0.8% in 1933. It suggests that the Jewish population held fewer policies per capita than the market as a whole.
- b) A large number of the 2.2 million files were for small sums insured (“Kleinleben”). The proportion of “relevant” files in this category was very low, thus reducing the overall average to 0.54%. We were told by the Jewish representatives and our own consultants that these policies, which were predominantly burial policies, were not especially attractive to the Jewish population, who would be more likely to make arrangements through their communities. The predominance of small value policies in the 2.2 million files found would tend to reduce the share of Jewish-owned policies in the total.
- c) While the search, sampling and statistical methods have been subject to independent audit in at least two companies with the largest collection of files, the Task Force remains unconvinced that the threshold criteria chosen to identify “relevant” files were exhaustive. [The BAV circular 1/99 is included in the collection of evidence that accompanies this report] Many of the identifiers as relevant Holocaust files related to matters that occurred quite late in the period of Nazi persecution. Therefore, Jewish-owned policies taken out early in the period would not be identified as “relevant”

50) The assertion that the 0.54% participation rate is the upper limit is problematic, as evidenced by the debate within the Task Force. There was massive conversion, surrender and cancellation of policies, reported by Allianz, for the period 1937-39. There is a high probability that many of the files in the latter two categories, i.e. closed files would have been destroyed before the first Federal German Government restitution and compensation programmes started in 1952 and consequently such “Holocaust relevant files” would not be part of the 2.2 million remaining files.

51) There is reasonable doubt as to the significance of the information from these archives. However, they cannot be discounted completely as a source of direct evidence.

The Austrian census

52) A large proportion of responses to the Nazi's 1938 census of Jewish assets have been preserved in the Austrian State archives providing considerable detail as to the average value of Jewish-owned insurance policies. The Nazi authorities had issued 66,605 file numbers, but not all were used, some files were empty, some files were duplicates and some had been turned over to various other geographical jurisdictions (Gau). About 52,200 files remained lodged in the State Archive, of these some 47,000 declarations, containing concrete data, were the subject of an exhaustive study by Helen JUNZ. This study showed that 8,810 reported insurance totalling 14,921 policies. Of these, 14,562 recorded surrender values, as required by the instructions. The policies for which values were reported averaged RM 2,838. Each respondent had on average 1.7 policies (some had many more). The average value per respondent was RM 4,690. The total surrender value of the policies reported was RM 41.32 million.

53) Because the census was confined to those who had net assets of RM 5,000 or more, these figures are not directly comparable with averages for the market as a whole. We know that in 1937-1938 between one-third to two-fifths of the Jewish population in

Vienna lived at the edge of subsistence and was financially dependent on the Jewish community. However, the Task Force did not explore to what extent this differed from the population as a whole and by extrapolation, the market as a whole.

54) The average sum insured and mathematical reserve per policy for the market as a whole in 1936 was respectively Sch 1,246 and Sch 353. As the census figures were reported in RM, conversion of the average surrender value at the Nazi decreed RM 1 = Sch 1.5 rate gives an average surrender value for the Austrian market of RM 235 in 1938. In other words, the average surrender value of policies from the Vienna archive is twelve times the average surrender value of policies for the market as a whole. Thus, even if the insurance assets reported in the census represented the entire insurance holdings of the Jewish population, the per capita holdings of the latter would be a multiple of those of the market as a whole.

55) An alternative calculation, which attempts to separate the propensity to insure from the average value insured, yields similar results. There were about 200,000 Jews in the Vienna region according to the Nuremberg definition. If we make the extremely restrictive assumption that none of those not included in the census held Life insurance, we have a propensity to insure of 0.08 policies per head (as compared with 0.31 for the census population alone). This is much lower than the population as a whole, which Section 1 shows at 0.216. It is likely that the remainder of the Jewish population held some insurance, though at lower average values than those reported in the census. The assumption that this part of the Jewish population conformed to the national average yields the conclusion that the Jewish population held on average about two to three times as much insurance as did the population as a whole.

Conclusion

56) On the basis of the information available to us, the Task Force, when endeavouring to assess the propensity to insure, could not distinguish clearly between the relative number of policies held by the Jewish population and the relative value of those policies. The Task Force therefore concluded that, taking both factors into account, the "Jewish insurance propensity" was probably three times the market average.

57) For reference, in the tables produced in Section 3, the factors 1.25 and 2 are also shown, but the Task Force is of the view that it is the factor 3 that is relevant.

58) Assumptions about deductions in respect of loans or unpaid premiums must be considered alongside other evidence of unpaid or uncompensated amounts.

Estimating unpaid and uncompensated amounts

59) One of the most uncertain elements in the process is the estimation of the amounts that were paid to Jewish policy holders or their heirs either during the term of the insurance contracts, or after the War so as to deduct the totals from the estimated amount of unpaid or uncompensated insurance. This is because there is very little evidence available.

60) In theory we should make deductions for the following:

- a) premature repayment or conversion made voluntarily at the request of the policy holder or by the company following failure to maintain the terms of the contract (principally non-payment of premiums) before the Holocaust;

- b) payments on claims made before and during the Holocaust era to the proper beneficiary and without any restrictive condition (flight-tax, blocked-account) or after the war on policies which had run their normal term or in response to a known insured event;
- c) loans taken during the life of the contract and deducted from the capital due;
- d) compensation payments made under post-war programmes, which may have covered not only restitution of confiscated assets, but also compensation for the proceeds of policies which were paid by the companies, but into blocked accounts to which the policy holder had no (or only very restricted) access.

61) Unfortunately, we have very little reliable information on these points. There are however some indicators that can guide the broad assumptions we make.

- a) We know that there were restitution and compensation programmes in Germany (under the BrüG (Bundesrückerstattungsgesetz) and the BEG (Bundesentschädigungsgesetz) – see Appendix 1), France, the Netherlands, and to a limited extent, in Austria. But we have no information on the totals that were paid out or the number of cases covered. We know the outline of the post-war period in Eastern Europe during which the Communist authorities took over or liquidated the private insurance companies; the circumstances were such that we think little if anything was paid in restitution or compensation to Jewish individuals.
- b) We have little information about loans or premature repayments, except for Germany and (for one company) Eastern Europe. This latter implied that the loans outstanding on all its policies in 1937, as a proportion of insured value, were 3.8% for Czechoslovakia, 4.9% for Hungary and 5% for Poland. The proportion for the Jewish population might be higher, but given that in 1937 they did not have the reasons they had in Germany to liquidate their assets, the percentage should not be much larger.
- c) The Nazi policies of persecution and deportation were applied in different countries with differing severity. In a number of countries the largest part of the Jewish population was wiped out (e.g. Poland). In other countries expropriation and persecution were perhaps less all encompassing and there were survivors or heirs to make post-war claims for restitution. The incidence of death and survival can be a guide to the estimates of unpaid and heirless policies.
- d) The evidence for the amounts unpaid and uncompensated in the analysis commissioned by the BAV for Germany is reviewed below.

The BAV survey

62) The summary results of the BAV survey in terms of the Jewish propensity to insure were given in paragraph 47 above. The BAV also requested information on all Holocaust relevant files. The files deemed Holocaust relevant were identified on the basis of special criteria. Information was to be classified into 7 different categories and each category noted whether the file had ever been subject of the BEG or other restitution-compensation program.

The results and the role of the BEG were as follows:

Evidence from the documentary files show that the following occurred	percent of investigated files in this category	The proportion of the files in each category that had been subject to examination by the BEG or other restitution authority	percent of all files reviewed by BAV
	A	B	A x B
1. Contracts under which benefits were paid to beneficiaries and/or terminated before 1945	49.6%	80%	39.68%
2. Benefits were paid to beneficiaries after 1945	7.93%	56%	4.44%
3. The Third Reich authorities confiscated the proceeds	6.3%	73%	4.6%
4. Proceeds were paid into blocked accounts (i.e. accounts that could only be accessed with approval of a Third Reich authority)	9.76%	68%	6.64%
5. A combination of cat. 1 & 3 (e.g. partial surrender values or loans under 1, then balance confiscated or blocked)	3.24%	66%	2.14%
6. Contracts not terminated, apparently unpaid	11.3%	19.6%	2.21%
7. Some evidence that payment was made, but insufficient to assign to a category	8.15%	72.17%	5.88%
8. Impossible to say if paid	3.52%	54.84%	1.93%
	100%		67.52%

The information from the BAV related to the number of policies. There was no separate information regarding amounts insured relating to those identified as Holocaust relevant files

According to the BAV when payments were made to the Reich authorities at the "request" of a policyholder, these would have been included in category 3.

63) Taking all categories together, the evidence suggests that 67.5 % of the files had been reviewed by the BEG. Conversely, about a third of the files (32.5 %) had not been submitted to the BEG. Looking only at the files that had not been paid (cat. 5), plus files on which there was no evidence one way or the other (cat. 7) and the files which were confiscated or paid into blocked accounts (cat. 3), the proportion of files in these categories was 30.88%. But, after deducting the shares of these categories which had been reviewed by the BEG, the residual is 15.5 %.

A strict approach is that categories 6 and 8 are the only ones which are clearly unpaid; after taking into consideration the number of files treated under BEG, the really “unpaid” portfolio of the German market stands to-day at 4.14 %.

64) The Jewish organisations, in their second memorandum of evidence argued that this estimate was too low:

- a) Category 1 – paid before 1945 – included many policies terminated before 1933, which would be irrelevant. This would artificially inflate the proportion of paid policies. [This somewhat conflicts with the evidence from the companies that the bulk of policies were surrendered or converted in 1937 and 1938. Unfortunately, we were not able to obtain a split for the numbers of policies paid before 1933 and after].
- b) Category 3 - contracts confiscated or paid into blocked accounts - were considered “paid” by the BAV and should be considered “unpaid”, unless compensated.
- c) It is likely that a significant portion of the contracts that were paid or compensated were done so at less than the original face value [notably because of missed premium payments during the Holocaust] and at a value far less than the real value at time of surrender/expropriation.

65) The Jewish organisations concluded that it was reasonable to estimate that repayments of Jewish life insurance claims in Germany fell between 50-60%. This suggests, conversely, that for Germany the amounts remaining unpaid or not received should be put at 40-50%.

66) This is the only evidence we have of the insurance history of Jewish-owned policies in Germany.

Task Force’s assessment

67) In assessing the percentage of policies which remain unpaid, we follow the Chairman’s clarification of his 6 August Decision Memorandum that “it would be wrong for the ICHEIC to reopen any case (including denials and part payments) on which the BEG has taken a decision.”

68) Therefore, we would:

- a) Begin with those policies which did not receive BEG review and which were classified as unpaid or lacked evidence of payment,(categories 5 and 7);
- b) Include the policies in categories 3a and 3b which had been expropriated by the Nazis or paid into blocked accounts and not reviewed by the BEG (implicitly accepted as part of the unpaid category by the BAV, but not included in the companies’ calculations of unpaid).
- c) Also include a proportion of the “paid before 1945” policies which might have been surrendered or paid under economic duress, even if not explicitly expropriated (category 1).
- d) We also think that policies which were not considered by the BEG might have been owned by Holocaust victims who died without heirs, or whose heirs were not aware of the policies or compensation schemes, or by survivors who did not live to see the BEG scheme in operation (all categories).

69) In deciding what the total should be, we believe that the true figure would be between the companies’ figure of 15.5 % and the Jewish organisations’ estimate of 40-

50 %. However, very serious consideration has to be given to the 32.5 % implied by the total number of cases that were not considered by the BEG.

70) We should also take account of the BAV statement that the residual value of unpaid policies would be somewhat less than the full insured value because of loans and unpaid premiums. The weight given to this depends on the view about how far such losses were a result of discriminatory actions by the Nazis.

71) We assume therefore that the value of unpaid policies in Germany lies within the range 15.5 % and 32.5 % of the value attributed to Jewish-owned insurance assets.

Estimating Unpaid Policies in Other Countries

72) So little is known about the pattern of repayments and compensation in countries other than Germany that we have to make broad assumptions based on what little information we have. We distinguish between Western Europe and Eastern Europe.

Among other factors (referred to at the beginning of Part Two) we have been guided by

- j) the impact of the Holocaust on the total Jewish population in each country;
- k) evidence from the claims already received by some regulators and the ICHEIC London office.

73) On (b) we have information on the files being handled at present by ICHEIC London (the “fast track” claims) and the New York Holocaust Claims Processing Office (HCPO). The percentage of files by country in which the policy originated are shown in the following table

	ICHEIC % of all files (953)	HCPO % of all files (2,384)
Germany	14	27
Czechoslovakia	32	24
Poland	14	16
Hungary	22	9
Other Eastern Europe	5	3.5
Austria	7	16
Belgium	0	0.4
France	0.6	0.3
Italy	3	0.3
Netherlands	0.1	0.8
Other Countries	(Greece, Switzerl.) 0.4	(Greece, Switzerl., UK) 1.5

74) Any assumptions we can make about unpaid policies have to be in the form of assessment against a relative scale, comparing one country with another. This is in the form of **low** (10-20 %), **medium** (30 %), **high** (50-70 %), **very high** (80 %). This does not mean that we have to give the same value to all in the same category, but it may be a helpful method of ranking.

Western Europe

Austria

75) A compensation scheme was launched in 1958, open for one year with payments limited to 40% of contracts. The conclusion that the percentage of unpaid-uncompensated policies must be relatively high is reasonable. The companies are said to have processed 456 contracts under this scheme. There were 1.5 million policies in force in 1936 and the Jewish population was 3.2 % of the total population. A pro rata share would have been 48,000 policies. We know from the evidence of the Vienna archive that 14,900 Jewish-owned policies were declared in the 1938 census⁵. We do not have information about the number of policies paid or surrendered 1936-38. But the number compensated seems very low. Furthermore, the death rate among the Austrian Jewish population (30% perished) and the severity of the economic persecution suggest that the allowance for unpaid policies should be at the upper end of the scale for Western Europe (**very high 50-80%**).

Belgium

76) In Belgium the Nazis blocked accounts and confiscated the assets of all nationals of the lands absorbed into the Reich. There was aryanisation of property and enterprises and limitations on the use of proceeds. The proportion of the Jewish population in Belgium that perished (30%) is relatively high, but includes a number (unknown) of refugees from other countries. For Belgium we assume the per cent of unpaid policies is **low 10-20%**.

France

77) There was no confiscation of Jewish-owned insurance policies, but payments above 10,000 Francs had to be made into blocked accounts from Sept 1941 until mid-1944. At present there is little evidence of a substantial proportion of unpaid policies after the war. The work of the Matteoli Commission is in progress, but information about insurance is not available yet. The number of Jewish long-term French residents who perished, (about 25,000) as a percent of the total resident Jewish population was about 10-20%. The presumption may be that proportion of unpaid policies will be at the lower end of the scale (**low – 10-20%**).

Italy

78) In Italy where the number perished is low and full-scale persecution came late in the war, we assume a low percentage for unpaid policies (**low – 10-20%**).

Belgium, France, Italy versus other countries

79) Given the fact that the majority of the surviving Jewish population of Belgium, France and Italy had stayed in or returned to their respective home countries after the war, it was argued that they all were able to request payment of their policies after the war at their normal maturity date as any other local policyholder. In those cases where the maturity date occurred during the war and the beneficiary asked for immediate payment, although he knew this would in certain cases be paid into a blocked account (which case seems to be an odd one), the bank account was freed immediately at liberation and the proceeds of the policy attributed to the proper beneficiary.

80) Consequently, the « unpaid » factor (percentage of the policies that were never claimed by the beneficiary) should apply only to the «perished» part of the Jewish

⁵ By definition, respondents had assets of RM 5,000 or more.

community and not to the part that survived and stayed in the country. This is in sharp contrast with members of the Jewish communities in Germany and in Eastern Europe, who perished in great proportion and who after the war decided in most cases to leave – or not return – to their home land and to settle elsewhere.

- 81) The survivors from these countries waited, in very difficult conditions, mainly in camps for Displaced Persons for a number of years, and did not re-establish themselves in their pre-war local environment where they, among other things; could have asked for fulfilment of their pre-war insurance policies. For these cases it is fair to state that they could hardly recover their Life insurance policy and the survivors should be paid the average surrender value.

Netherlands

- 82) There was large-scale expropriation and few Jews survived the persecution. Insurance policies, first deposited with the LIRO Bank, were forcibly expropriated later. After the war, a compensation and re-instatement procedure was enacted. Any conclusion on The Netherlands has to take account of the Scholten Commission's Report due on 15 December. In the meantime the Association of Insurers has come to an agreement with the Jewish community. The presumption is that the proportion of unpaid policies is low (**low 10-20%**).

Eastern Europe

- 83) The nationalisation or liquidation of private insurance companies by the communist authorities after the war did not mean that claims were settled promptly or that compensation was paid. The main facts are covered in the country sections in Part 1. The following facts are relevant:

Czechoslovakia

- 84) The Jewish population was required to register assets, including insurance, and after 1940, payments were made into blocked accounts. There is no evidence that any compensation was paid for Jewish-owned policies that were confiscated or unpaid. In view of the proportion of the Jewish population that perished (67%), we put the proportion of unpaid policies in the **very high (50-80%)** category.

Hungary

- 85) There were blocked accounts and seizures from the date of the German occupation in 1944. After the war, the process of nationalisation and restitution seems to have been complicated and slow. Although the Jewish Restitution Fund was established in 1946 with a remit to handle the heirless property of Holocaust victims, it terminated in 1954 and the State acted as heir. There is no evidence that any individuals received the proceeds of insurance policies. The proportion of the Jewish population that perished (57%) and further communist take-over suggest that the proportion of unpaid policies be in the **very high (50-80%)** category.

Poland

- 86) The PZU started in 1963 to make payments on insurance policies to Polish residents. Of the 35,000 people paid, 1410 had held policies with Generali and RAS. We have not been able to determine whether any of these payments were

to Jewish policyholders, but it seems very likely that the bulk of the Jewish-owned policies in Poland remained unpaid and without heirs. Since nearly 88% of the population perished, the assumption is that unpaid and heirless policies are **very high (50-80%)**.

SECTION THREE: Application of the Formulae

The Proposals from the Companies and the Jewish Representatives

We received proposals from the companies and the Jewish representatives as to how the provision for heirless claims in Germany should be calculated. Each party adopted a similar “building blocks” approach to the issue. It is therefore possible to make a tabular comparison.

Germany: Proposals from Companies and Jewish Representatives compared

	Companies' Proposal	Jewish Representatives' Proposal
1.Total market size for life insurance in Germany 1933 sums insured, RM million	19,523	19,523
2. Deduct group insurance, RM million	2,500	
3. Net market size, RM million	16,523	
4.“Participation rate” for Jewish life insurance (the estimated number of life insurance policies held by Jews as a % of all life insurance policies)	0.54%	1.1% ⁶
5. Average Jewish insurance policy (expressed as multiplier of market average size policy)	1.25 X ⁵	3 X ⁷
6. Total size of insurance assets held by Jews in Germany in 1933 = [(1 – 2) X 4 X 5], RM million	111.5	644.3
7. Estimated proportion unpaid	8.96% - 10.5% ⁸	40% - 50% ⁹
8. Maximum total amount unpaid (6 X 7), RM million	10 - 11.7	258 - 322.2

The Task Force Formula For Germany

87) We have adopted the same building blocks approach, but offer a slightly different range of options. We have not offered multipliers to bring the total up to present

¹ The companies' presentation comes to RM 16,523 million but the direct calculation of RM 19,523 – 2,500 gives RM 17,023 and not RM 16,523 million. In the Task Force's calculation the numbers from Neumann's Jahrbuch, shown on p.10 are used, see p.34.

⁶ The companies took the participation rate from the estimated percentage of “relevant files” found in the exercise for searching Holocaust era files initiated by the BEG. The 0.54% relates to German companies belonging to the MOU group companies. The participation rate proposed by the Jewish representatives is based on their estimate of the Jewish population compared with the total population. The figure given for the Jewish population appears to be for Greater Germany after 1938, not that for the Germany of 1933 (550,000), which constituted 0.8% of the population.

⁷ The companies took their estimate of the average insurance for Jews from an earlier Claims Conference paper on Jewish assets (based on an assessment of Jewish –owned wealth) produced for the WJC by Sidney Zab Ludoff. (The current estimate supplied by the Jewish representatives is explained in Section Two of this Report).

⁸ The companies take their estimates of unpaid policies from the responses to the BAV circular. This is discussed more fully in Section Two of this Report. The lower figure is the proportion of category 5 (contracts not terminated) which had not been processed through the BEG (11.2% x 20% = 8.96%). The upper figure includes category 7 (unclear whether paid or not): 14.7 % x 71.6% = 10.5%).

⁹ The Jewish representatives' estimate of unpaid policies was provided after the revaluation to current day prices. Their reasons for offering a higher figure are explained in Section Two of this report.

day values. Our reasons for taking the position we have on the different variables are given in full in Part Two. But they are summarised here.

88) For Section 3, the Task Force debated an issue which had been raised by the companies and had not been discussed in detail. Were we to make a distinction between those victims who perished and those who survived in estimating the amounts due? The arguments for making such a distinction are the following :

- a. it is a difference which is fundamental to insurance activity at any time: if the person insured is deceased, the beneficiary is entitled to the full sum insured, but if the person insured is still alive at a date which is not the maturity date of the policy, then the insurer has to pay the « surrender value ». The same technical approach should apply to the present situation: sum insured for the heirs of all those who perished during the Holocaust and surrender value (based on the mathematical reserve of the companies) for all the survivors (or the heirs of the survivors) since the exposure is calculated as at the end of the Holocaust and not at the average maturity of the policies after the Holocaust (which would be very difficult to assess).
- b. Given the fact that in all countries, but more specifically Germany between 1933 and 1938, a number of those persecuted succeeded in leaving Europe for safer countries before the war started in 1939 and also that some of those took loans out against the cash-value of their policies, it would be inappropriate to use a single formula based on the amount of the full sum insured to calculate a company's liability.. The calculations in Section 2 do not take into account such a factor and consequently it has to be accounted for at this Section 3 level.
- c. Within ICHEIC itself, the « Valuation Group » has already set such a distinction when it discussed and eventually agreed on the basic amounts to be considered for valuing the policies of the perished versus those of the survivors.
- d. It would therefore seem inappropriate to allocate the full sum insured for the whole Jewish population, making no distinction between those who perished and those who did not. This is reflected in **Option A** (see below).

89) The arguments for not making a distinction between perished and survivors are that this creates an unreal distinction.

- a. The Jewish population in Germany from 1933 on and in the other countries at a later date suffered from economic and/or direct discrimination and persecution. Loans or an inability to pay premiums forcibly reduced the value of their insurance policies. Therefore, no reduction in value should be made.
- b. Many survivors would have come out of the concentration camps, only to suffer in the camps for Displaced Persons. The lives of many others would have been shortened by their experiences.
- c. Since we are dealing only with unclaimed policies, it can be assumed that these mainly relate to those who died or were unable to claim after the war.

This is reflected in **Option B** (see below)

Task Force Formula for Germany

Step	Summary reasons	Value
1-3 total market size	We have taken the market size excluding group insurance, because any unpaid claims would be against the employer, not the insurer. This results in a lower number of total policies, but a larger average policy value. In the context of the German Foundation Initiative however, which includes companies as well as insurers, the figure for group insurance might be added.	RM 16,770 million
4. Participation rate	For reasons given in Section Two we use the Jewish population share as the market participation rate for the per capita number of policies.	0.8%
5. Average Jewish insurance policy	We think the weight of the argument points to a higher average policy value of 3 times, but we show three alternatives	1.25X,2X,3X
6. Total size of insurance assets held in Germany by Jewish population ¹⁰		RM 173-416 million
7. Estimated proportion unpaid	We showed in Part Two why we think the proportion unpaid is at least 15.5 % including the amounts paid into blocked accounts which were not reviewed by the BEG . And we think there are reasons for going higher, up to the maximum of all files not reviewed by the BEG i.e. 32.5 %	15.5% – 32.5%
8 Option A Distinguish between perished and survivors in amount paid	Those perished receive full sum insured according to the formula: avg. number of policies per person in Germany (0.27) x avg. sum insured (RM 933) x Jewish insurance propensity (1.25 or 2 or 3) x perished (165,000) x percentage unpaid (15.5% or 32.5%) Those surviving receive surrender value according to the formula: avg. number of policies per person in Germany (0.27) x avg. mathematical reserve (RM 178) x Jewish insurance propensity (1.25 or 2 or 3) x survivors (385,000) x percentage unpaid (15.5% or 32.5%)	
9 Option B Total amount unpaid	The full insured value for all whether perished or surviving.	.

¹⁰ These totals were derived from the table on Germany on p.10 as follows: Avg. policy value x avg. no. of policies per capita x Jewish population share x Jewish propensity to insure; the result, therefore, differs slightly from that derived by applying the formula directly to the numbers that appear in the table above. The base number of RM 16,770 differs from that given on p.31 as the latter was derived from a different source.

The result is the following :

Option A

Insurance Propensity	Percentage unpaid	Perished (165.000 x 933)	Survivors (385.000 x 178)	Total Amount RM million
1,25	15.5	8,05	3.58	11,63
2	15.5	12,89	5.74	18,73
3	15.5	19,33	8.60	27,93
1,25	32.5	16,89	7.52	24,41
2	32.5	27,02	12.03	39,05
3	32.5	40,53	18.04	58,57

Option B

Insurance Propensity	Percentage unpaid	Total Amount (550.000 x 933) RM million
1,25	15,5	26,84
2	15,5	42,95
3	15,5	64,43
1,25	32,5	56,29
2	32,5	90,06
3	32,5	135,09

90) Application of these formulae results in estimated unpaid amounts for the total German market ranging from RM 11.6 million to RM 135 million at 1933- 1938 values. This can be compared to:

- i. the Jewish parties' estimate of RM 258 to RM 322.2 million;
- ii. the companies' estimate of RM 10 to RM 11.7 million

91) No need to say that a critical factor is the way these numbers will be “re-valuated” in order to arrive at their present 1999 value :

- a. the ICHEIC (and apparently the companies) valuation principle for “validated individual claims” transforms RM 1 of 1938 into DM 1.2 of 1999, based on the BEG’s valuation criteria, updated with the return on Government long term bonds. This takes into account the monetary reform of 1948, which transformed RM to DM at a rate of RM 10 = DM 1) for the most liquid assets, i.e. cash and current bank accounts and of RM 10 = DM 2 for assets of longer maturity, such as savings accounts. As insurance policies to all intents and purposes would fall under the latter, though legitimate proceeds might have been held in current accounts, the valuation principle accords that conversion rate, which is most favourable to the claimant; this would give a total amount for the whole German market of between DM 14 million (corresponding to the lower estimate of RM 11.7 million) and DM 162 million (upper estimate of RM 135 million);
- b. the Jewish organisations’ calculation with a multiplier of 27.7 would put these parameters at DM 324 million and DM 3,742 million.

Task Force Proposed Formula for Other Countries

We have followed a similar approach in estimating the appropriate formula to be applied to countries other than Germany. But here, because the uncertainties are even greater, the range of appropriate conclusions is very wide.

In particular

- We lack specific information about insurance in some of the countries.
- Demographic and wealth data for the Jewish population is available in respect of some countries, particularly those which have a social and economic structure approximating that of Germany, but it may be less applicable to Eastern European countries, for which there is less material.
- Little information is available on the proportions of policies unpaid or uncompensated. We have to make assumptions based on what happened to the Jewish population in each country.

In view of these uncertainties we have adopted the following approach:

- For each country we examined three scenarios corresponding to the assumed propensity for Jewish policy holders to have 1.25 times, twice and three times the value of the average policy.
- As with Germany, we show Option A – where the policies of those who perished would be paid at full sum insured, and the policies of those who survived would be paid the surrender value and Option B, where the full sum insured would be paid on all policies, whether belonging to those who perished or to survivors.
- For each option we show a low estimate of policies unpaid and uncompensated and an upper estimate

The resulting values, expressed in local currencies of 1938, are shown in the attached tables.

other countries" High Scenario (Jewish insurance propensity 3 times market average)

Amended figures 13 Dec

	Austria	Belgium	France	Italy	Netherlands	Czecho- slovakia	Hungary	Poland
Currency	Schilling	B franc	Old franc	Lira	Guilder	Koruna	Pengö	Zloty
Average No of policies per person	0.216	0.276	0.076	0.064	0.146	0.074	0.090	0.008
Average sum insured per Jewish policy	3,738	15,750	62,232	28,065	5,151	36,210	2,481	7275
Average surrender value per Jewish policy	1,059	4,092	16,953	7,017	2,853	12,528	648	1620
Total Jewish population	217,000	65,000	250,000	48,000	118,000	396,000	521,640	3,300,000
Local Jews perished	65,500	28,500	25,113	7,600	104,000	265,000	298,000	2,900,000
Lower limit of "unpaid" policies	50%	10%	10%	10%	10%	50%	50%	50%
Upper limit of "unpaid" policies	80%	20%	20%	20%	20%	80%	80%	80%
Option A (in million local curr.)								
sum insured for perished, surrender value for survivors								
total sum insured for those perished	53.00	123.74	118.63	13.74	77.96	711.36	66.46	161.95
total surrender value for survivors	34.73	0.00	0.00	0.00	5.81	121.67	13.03	4.97
Total value of all Jewish policies	87.73	123.74	118.63	13.74	83.77	833.02	79.48	166.93
Option A Lower estimate	43.87	12.37	11.86	1.37	8.38	416.51	39.74	83.46
Option A Upper estimate	70.18	24.75	23.73	2.75	16.75	666.42	63.59	133.54
Option B (in million local curr.)								
full insured value for all Jewish policy holders (except Belg, Fr, It)								
Total value of all Jewish policies	175.59	123.74	118.63	13.74	88.46	1,063.01	116.33	184.29
Option B Lower estimate	87.79	12.37	11.86	1.37	8.85	531.50	58.17	92.15
Option B Upper estimate	140.47	24.75	23.73	2.75	17.69	850.41	93.07	147.43

"other countries" Medium Scenario (Jewish insurance propensity 2 times market average)

amended figures 13 Dec

	Austria	Belgium	France	Italy	Netherlands	Czecho- slovakia	Hungary	Poland
Currency	Schilling	B franc	Old franc	Lira	Guilder	Koruna	Pengö	Zloty
Average No of policies per person	0.216	0.276	0.076	0.064	0.146	0.074	0.090	0.008
Average sum insured per Jewish policy	2,492	10,500	41,488	18,710	3,434	24,140	1,654	4,850
Average surrender value per Jewish policy	706	4,092	16,953	7,017	1,902	8,352	432	1,080
Total Jewish population	21,7000	65,000	250,000	48,000	118,000	396,000	521,640	3,300,000
Local Jews perished	65,500	28,500	25,113	7,600	104,000	265,000	298,000	2,900,000
Lower limit of "unpaid" policies	50%	10%	10%	10%	10%	50%	50%	50%
Upper limit of "unpaid" policies	80%	20%	20%	20%	20%	80%	80%	80%
Option A (in million local curr.)								
sum insured for perished, surrender value for survivors								
total sum insured for those perished	35.33	82.49	79.09	9.16	51.97	474.24	44.31	107.97
total surrender value for survivors	23.15	0.00	0.00	0.00	3.88	81.11	8.68	3.32
Total value of all Jewish policies	58.49	82.49	79.09	9.16	55.85	555.35	52.99	111.29
Option A Lower estimate	29.24	8.25	7.91	0.92	5.58	277.67	26.49	55.64
Option A Upper estimate	46.79	16.50	15.82	1.83	11.17	444.28	42.39	89.03
Option B (in million local curr.)								
full insured value for all Jewish policy holders (except Belg, Fr, It)								
Total value of all Jewish policies	117.06	82.49	79.09	9.16	58.97	708.67	77.56	122.86
Option B Lower estimate	58.53	8.25	7.91	0.92	5.90	354.34	38.78	61.43
Option B Upper estimate	93.65	16.50	15.82	1.83	11.79	566.94	62.04	98.29

"other countries" Low Scenario (Jewish insurance propensity 1,25 times market average)

Amended figures 13 Dec

	Austria	Belgium	France	Italy	Netherlands	Czecho- slovakia	Hungary	Poland
Currency	Schilling	B franc	Old franc	Lira	Guilder	Koruna	Pengö	Zloty
Average No of policies per person	0.216	0.276	0.076	0.064	0.146	0.074	0.090	0.008
Average sum insured per Jewish policy	1,557.5	6,562.5	25,930	11,694	2,146.25	15,087.5	1,033.75	3,031.25
Average surrender value per Jewish policy	441.25	1,705	7,063.75	2,924	1,188.75	5,220	270	675
Total Jewish population	217,000	65,000	250,000	48,000	118,000	396,000	521,640	3,300,000
Local Jews perished	65,500	28,500	25,113	7,600	104,000	265000	298,000	2,900,000
Lower limit of "unpaid" policies	50%	10%	10%	10%	10%	50%	50%	50%
Upper limit of "unpaid" policies	80%	20%	20%	20%	20%	80%	80%	80%
Option A (in million local curr.)								
sum insured for perished, surrender value for survivors								
total sum insured for those perished	22.08	51.56	49.43	5.72	32.48	296.40	27.69	67.48
total surrender value for survivors	14.47	0.00	0.00	0.00	2.42	50.69	5.43	2.07
Total value of all Jewish policies	36.55	51.56	49.43	5.72	34.91	347.09	33.12	69.55
Option A Lower estimate	18.28	5.16	4.94	0.57	3.49	173.55	16.56	34.78
Option A Upper estimate	29.24	10.31	9.89	1.14	6.98	277.67	26.49	55.64
Option B (in million local curr.)								
full insured value for all Jewish policy holders (except Belg, Fr, It)								
Total value of all Jewish policies	73.16	51.56	49.43	5.72	36.86	442.92	48.47	76.79
Option B Lower estimate	36.58	5.16	4.94	0.57	3.69	221.46	24.24	38.39
Option B Upper estimate	58.53	10.31	9.89	1.14	7.37	354.34	38.78	61.43

Appendix 1

Appendix on Luxembourg Treaty and Treaty with Jewish Successor Organisations

The companies referred the Task Force to two treaties or agreements

1. That concluded between the Federal German Government and the State of Israel in 1952 (the Luxembourg Treaty).
2. The agreement of 1956 between the German Government and the Jewish representative organisations, after which the German Government established the restitution organisation (the Bundesrückerstattungsgesetz or BrüG).

The companies argued that both these treaties dealt with the question of restitution and compensation for expropriated assets of Jews, including insurance, and including assets to which there were no heirs. Furthermore, the treaties specifically indemnified the German Government against any further liability arising from future claims. In the companies' view these treaties meant that the companies could have no obligation to pay any more in respect of claims from individuals or those acting for heirless claims.

In article 1b of the Luxembourg Treaty it was stated that 450 million DM were to be paid to the State of Israel for the benefit of the Conference on Jewish Material Claims Against Germany. The Claims Conference had the status of legal heir of Jewish assets to which no individual claimants could be found.

The reasoning for the payment was set out in Protocol no.2 of the Treaty. This (reproduced in the Annex) referred to the confiscations of Jewish property and the fact that much of the losses cannot be made good because there are no heirs.

The companies also referred to the 1956 agreement with the Jewish organisations which *inter alia* referred to the restitution claims to which the successor organisations are entitled, a point to be covered by the Law on Restitution then before the Bundestag. Under para.11 of the BrüG life insurance policies are included among "ascertainable assets". The seizure and confiscation of life insurance policies were considered harmful acts within the meaning of para.12 of the Law. The Law also covered the confiscation of bank accounts as a deprivation of specific assets.

Under paragraph 8 of the 1956 agreement the Jewish organisations undertook to release the Federal Government of Germany from all claims raised by third parties in association with these claims.

The Task Force had the benefit of a presentation from Saul Kagan of the Claims Conference. His views are given below.

- The background to the Luxembourg Treaty was a speech by the German Chancellor Adenauer in 1951 in which he invited the representatives of World Jewry and the State of Israel to discuss the resolution of issues relating to the exploitation of Jews during the Third Reich. The Jewish organisations formed the Conference of Jewish Material Claims Against Germany to negotiate on their behalf. The first result was the Luxembourg Treaty of 1952 between the German Government and the State of Israel. Under it the German Government undertook to enact compensation legislation. Protocol no.2 to the Treaty committed the German Government to allocate 450 DM to the benefit of the Claims Conference. This was to be disbursed over 10-12 years, *pari passu* with the transfers to the Government of Israel (which were in the form of the delivery of goods and services rather than cash), and would

come from the government of Israel as a charge on the earnings of assets created by the transfers.

- The purpose of the transfers to the Claims Conference was to help the resettlement of refugees from Germany and other occupied territories in Israel and elsewhere. It was a form of recompense for the wrongs done to the Jewish people by helping the survivors by means of relief, rehabilitation and resettlement. There was no settlement of property claims and no reference to a claims process.
- In 1956 there was a further agreement concluded between the German Government and the Jewish representative organisations aimed at restitution for asset seizures. The first property restitutions had started under the Allied occupation of Germany. The Americans, stimulated by the belief that no-one in Germany should inherit unclaimed estates, decided that, in their zone and sector, heirless and unclaimed estates should be inherited by a Jewish “successor” organisation, representing a class of claimants and the assets used for the benefit of that class. Thus began the Jewish Restitution Successor Organisation (JRSO). The other allies were slow to adopt this arrangement but the British created the Jewish Trust Organisation (JTC), and the French created a French branch office of the JTC. These successor organisations began to file claims on the Jewish property, in order to make sure that no deadlines were missed. When bona fide individual claimants came forward of course the successor organisations ceded to them. Most claims were for real estate, but there was provision to claim on the loss of moveable property.
- The Federal Restitution Law (the BrÜG), which was enacted in 1956, came after the BEG (Bundesentschädigungsgesetz – the Federal Compensation Law). The difference, and the reason for the BrÜG, was that the BEG was for individual claims only, successor organisations could not claim under it. The provisions setting up the BrÜG allocated 1.5 billion DM for restitution. Of this, it was agreed that the successor organisations could have up to 10% on account of unclaimed and unidentified assets.
- Insurance was however a minor part of the BrÜG, which covered a vast range of moveable property (jewellery, furniture, art and securities. Furthermore, the terms of settlement for insurance policies under BEG were more generous towards individual claims than BrÜG. It was therefore most likely that the bulk of individual claims would go to the BEG (not least because it started earlier).
- Saul Kagan argued that the settlement with the Jewish organisations under the BrÜG was an interim settlement only, which he saw as liable to be reopened when circumstances (and the strength of the German economy) were propitious. He did not speak about the clauses in the agreement referring to the indemnity on the German Government. But he agreed that the German Government had not hitherto been prepared to re-open the BrÜG. Even at Reunification, when claims on the BEG were reopened for claimants from East Germany, they had only agreed a small hardship fund which the Claims Conference had been made to administer. And he pointed out that the insurance companies had not been party to these agreements. In the view of the Jewish representative organisations, there was a gap which ICHEIC should fill.

Later discussion in the Task Force led to the preliminary conclusion that the report should explain the points of difference over the interpretation of the treaties. But the Task Force did not reach a consensus on the effect of the treaties. In any case the task in hand requires the Task Force to reach a view on the extent of unpaid policies,

irrespective of whether there have been block payments by the Federal German Government in the past to cover heirless property.

Appendix 2

Bulgaria, Greece. Romania and Yugoslavia Insurance market and Populations

	Greece drachma	Bulgaria lev	Romania lei	Yugoslavia dinar
Local currency				
Year		<u>1938</u>	<u>1937</u>	<u>1937</u>
Population million	7.3	6.2	19	14.5
Jewish population	72,000	50,000	833,00 ¹¹	82,200 ¹²
estimated numbers who perished	54,700 ¹³	3,000	211,200	60,000
total sums insured, million	600 ¹⁴	6,151	10,810	3,299 million
Mathematical reserve, million		1,658 ¹⁵	2,578	
Premiums, million	30 ¹⁶	272	567	157
number of policies, thousand		232		137 ¹⁷
average policy sum insured		26,559		24,080
average policy mathematical reserve		7,502		
average policies per capita		0.037		.0094

Source for insurance statistics: Assekuranz Jahrbücher unless otherwise stated

¹¹ 1930 census 757,000 + 10% for non-confessional Jews

¹² 1941 estimate 72,200, Nuremberg laws 82,200.

¹³ Excluding estimated 4200 in territories annexed by Bulgaria.

¹⁴ Estimate provided by Sidney Zab Ludoff.

¹⁵ Domestic companies only.

¹⁶ Estimate provided by Sidney Zab Ludoff.

¹⁷ Source: Federal Reserve Board report 1944, relevant to 1937, estimated that Generali and RAS had 25% of market. Average value of policies with RAS Dinars 51,000, number of policies 7,752; policies with Generali 10,633, average value D. 39,000.

Appendix 3

Shares of MOU Companies in European Life Insurance Market 1936-38

The figures below are estimates by the companies, based on published material of that period, of the shares in the Life insurance market in different European countries held by insurance companies that are now members of the Groups that have signed the ICHEIC Memorandum Of Understanding.

They are estimates only and have not yet been audited by the ICHEIC auditors.

The shares are expressed as a per cent of premium income, except in The Netherlands (sum insured). The Czechoslovakia figures do not include Sudetenland portfolios transferred to German companies (without Jewish policies).

Country	Year	MOU market shares
Austria	1936	10%
Belgium	1938	42%
Bulgaria*	1937	5%
Czechoslovakia*	1937	15%
France	1938	61%
Germany	1938	39%
Hungary*	1938	16%
Italy	1938	23%
Netherlands	1938	3%
Poland*	1937	24%
Romania*	1938	9%
Yugoslavia*	1937	29%

*Nationalised companies ("state owned) not included in MOU company shares, except branch offices.