

# QUARTERLY REPORT

May 2004

International Commission on Holocaust Era Insurance Claims

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## **ICHEIC Quarterly Report**

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Welcome to the fourth Quarterly Report of the International Commission on Holocaust Era Insurance Claims. Given the length of time since our last report, the many activities on which we are reporting here, and the extended material we have included on our matching processes to respond to queries we have received on the subject, we have included a table of contents to guide you through this edition.

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## Recent Events

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We begin this edition with a review of recent ICHEIC events.

- On December 31, 2003, the ICHEIC claims filing period ended. Potential claimants who received a claim form from ICHEIC prior to this deadline but had not completed it were encouraged to submit promptly their completed form to ICHEIC. All completed forms were to be received by ICHEIC by March 31, 2004.
- In February and March 2004, ICHEIC staff and experienced personnel from ICHEIC's partner organizations conducted a large-scale decision verification effort. Together we reviewed 4,492 decisions on ICHEIC claims using all established standards and practices under the ICHEIC decision verification process.
- In early March, ICHEIC transferred the Call Center from its previous service provider to the Claims Conference, based in New York. Claimants have praised ICHEIC's improved communication. The change also increased operational assistance in closing out requests for information on outstanding claims and allowed ICHEIC to more effectively address claimant questions regarding the recent mailing of humanitarian payments.
- On March 15, Mara Rudman and Anne Marie Burnsed attended a quarterly NAIC Meeting in New York City. The discussion with the Commissioners focused on the claims filing deadline and the humanitarian claims process.
- On March 30, ICHEIC mailed approximately \$16 million in humanitarian payments to ICHEIC claimants in 60 countries as part of its humanitarian claims process. These payments represent the initial batch in a series of awards to be distributed throughout the summer.
- The newly formed ICHEIC Operations Committee, chaired by NAIC Holocaust Issues Task Force chair, New York Insurance Superintendent Gregory Serio, has met twice, discussing and offering recommendations to ICHEIC Chairman Lawrence Eagleburger on several matters, most of which to date have been tied to the 8a humanitarian payments on unnamed, unmatched claims.
- On April 21, ICHEIC Commissioners, Alternates and Observers met in Washington, DC. The meeting focused on current timelines for completing ICHEIC's mission, including an update from ICHEIC staff on all operational aspects of the claims process, and led to initial discussion on what steps would be necessary to complete various aspects of claims processing work more expeditiously than currently projected in order to complete ICHEIC's mission within a reasonable timeframe.

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## **Follow-up Actions from April 21 Commission Meeting**

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In order for ICHEIC to complete its mission within a reasonable timeframe, we have identified a few areas of concern that we will be addressing: (1) the pace at which the Generali Trust Fund is processing its large volume of claims; (2) the time necessary for finalizing decisions on claims against German companies, in particular because of the pace of research in federal and state restitution archives for evidence of previous compensation; and (3) the pace at which all appeals entities – the Appeals Tribunal, the Appeals Panel, and the GTF appeals committee – receive decisions for appeal (i.e. the slowness in moving German claims processing will affect the ability of the Appeals Panel to complete its work in timely fashion, and the same is true for the GTF appeals committee) and the pace at which they complete consideration of appeals decisions.

ICHEIC is currently working to resolve each of these issues. We are communicating with representatives of the German Foundation and the GDV to explore ways to accelerate the necessary research in federal and state compensation archives, including by deploying supplemental research teams to assist with the archives' investigations.

We have discussed with the GTF our willingness to fund additional staff in Jerusalem so that by increasing the staff reviewing claims we can speed the decisions on those claims. The GTF has decided to ask outside consultants to analyze its system and recommend, by the end of this month, how best to increase the pace of its decision-making on the large volume of claims it has received.

We also have raised directly with the chairs of the Appeals Tribunal and the Appeals Panel the importance of picking up the pace of their decision-making. We will be working with the staff of the Appeals Office to see what if any procedural steps can be taken to increase the speed with which decisions can be taken. In so doing with respect to the Appeals Panel, ICHEIC will be sure to consult with our partners in the work of the Panel, the German Foundation and the GDV. We will also continue to ensure that we do not interfere in any way with the substance of any appeals case.

Finally, as directed by Chairman Eagleburger, we will be working at a staff level to assess entity by entity and area by area what needs to occur and how for ICHEIC to complete its mission within a reasonable timeframe. As we carry out this work, we will be consulting with the Operations Committee, the Financial and Administrative Advisory Committee (FAAC), and others as necessary, to ensure they are in a position to make any necessary recommendations to ICHEIC prior to our next full ICHEIC meeting, which should occur before the close of 2004.

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## **Claims Processing**

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### **Statistics**

As of April 30, 2004, ICHEIC had received 80,861 claims eligible for processing under ICHEIC guidelines, an increase of 15,232 this quarter. The increased claims volume resulted

from outreach work conducted by ICHEIC, U.S. state insurance regulators, and Jewish organizations in the months leading up to the December 31, 2003 claims filing deadline.

There have been 3,611 offers made to ICHEIC claimants totaling \$57.11 million. This represents an increase of 653 offers and \$10.1 million since the end of the last quarter. To date, ICHEIC companies have made a further 707 offers amounting to \$12.22 million on claims submitted directly to them. Accordingly, offers made using ICHEIC valuation guidelines amount to \$69.33 million.

ICHEIC has received an additional 35,859 inquiries that are outside the scope of its mission. These inquiries have been directed to other restitution organizations as appropriate. For more detailed information, please visit the ICHEIC website to view the latest Statistical Report.

### **Improvements in Claims Processing**

Over the past several months, ICHEIC has examined ways to create and enhance efficiencies in the claims process. These efforts were undertaken with a view toward the earliest possible completion of ICHEIC's mission.

First, given the large influx of claims received at the end of the filing period, ICHEIC worked with its outsourced claims processor (CLMS) to double the size of their dedicated claims processing team to ensure that these claims are processed as quickly as possible. As a result of this action, ICHEIC should have all claims registered and full details entered into the claims database by the end of June 2004.

ICHEIC has also identified ways to use electronic resources to provide claim documents to companies in a timelier manner and reduce processing delays, and we hope to implement these plans shortly.

Throughout the latter part of 2003, ICHEIC worked with individual companies to clarify the status of claims that have been distributed and to reconcile the ICHEIC Claims Database with the companies' own records. ICHEIC has identified subsets of claims where it is able to provide assistance that will expedite processing, and is working with companies to resolve these claims and improve efficiency of processing efforts. For example, we recently identified claims where requests to claimants for additional information have gone unanswered for an extended period. We used the new ICHEIC Call Center to obtain, within a few weeks time, the information that companies need to make decisions on these claims.

### **Staffing**

The ICHEIC London office has added two new Claims Team members since publication of the last Quarterly Report. New staff positions in London include: Director of Electronic Resources Management, Special Assistant to the Chief of Staff, and five part-time interns from the London School of Economics to help the Claims Team.

ICHEIC also hired Dalia Golchan in Washington as our Claimant Advocate. Her detailed knowledge of the claims process allows her to advise individuals on the status of their claims and the ICHEIC process in general. Dalia works closely with both the ICHEIC Call Center and the London Claims Team to ensure that claimants issues are being resolved as fairly and expeditiously as possible.

With our staff additions and replacements, we have increased our ability to respond to inquiries from claimants and their representatives, as evidenced by the claimant information needed to complete processing claims and generated by the transfer of the ICHEIC Call Center to a new service provider, the number of responses to claimant queries provided by our Claimant Advocate, and the rapid response of the London Claims Team to the more than one thousand inquiries from U.S. regulators received since November 2003.

Claims Team members continue to develop a core of expertise with regard to ICHEIC standards and guidelines as they fulfill a variety of responsibilities, including:

- verification of claims decisions;
- recording of decision information in the ICHEIC database;
- coordination with CLMS on process management;
- preparation and analysis of statistical information;
- advancing and monitoring the implementation of ICHEIC agreements;
- providing information for the ICHEIC Call Center;
- providing information directly to regulators and claimants; and
- supporting the 8a Humanitarian Claims Process.

### **Payments under the ICHEIC-GDV-German Foundation Agreement**

The December Quarterly Report provided details of the payments made from July through October 2003 pursuant to the trilateral agreement among ICHEIC, the German Foundation “Remembrance, Responsibility and the Future,” and the German Insurance Association (GDV). The results for the past six months are below.

	# of payments	to # of claimants	covering # of claims	Total EUR	Total USD
Nov.	63	47	66	€15,171.29	\$304,498.42
Dec.	52	44	55	29,645.78	417,793.10
Jan.	53	42	41	35,213.70	384,159.65
Feb.	54	47	57	16,517.04	436,407.09
Mar.	91	82	86	9,786.33	846,481.60
Apr.	80	61	81	49,975.01	64,277.84
	393	323	386	€156,309.15	\$2,453,617.70

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## Verification of Decisions

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As indicated in the December 2003 Quarterly Report, ICHEIC has instituted an internal decision verification process. It should also be noted that ICHEIC has already implemented several of the Monitoring Group's recommendations to Chairman Eagleburger concerning this process (see the Monitoring Group section of this report for further details).

Through our decision verification process, ICHEIC verifies all decisions on ICHEIC claims issued by Member Companies Allianz, AXA, Generali, Winterthur, and Zurich (signatories to the ICHEIC Memorandum of Understanding), the Generali Trust Fund (GTF), and all companies covered under the 16 October 2002 Agreement among ICHEIC, the German Foundation "Remembrance, Responsibility and Future," and the German Insurance Association (GDV). The mechanics of this system are outlined below.

### Receipt of Decisions

When companies and claims processing entities subject to the ICHEIC decision verification process issue decisions to claimants, copies of decision letters are sent to the ICHEIC London office. Companies and claims processing entities have been instructed to include all documentation relevant to decisions, including:

- any documents referenced in decision letters;
- in the case of declines based on previous compensation, documentary evidence of previous compensation; and
- in the case of offers, detailed valuation sheets explaining how the offer amount was determined.

### Decision Verification

Upon receipt of decision letters, ICHEIC London Claims Team members thoroughly review decision letters and all accompanying documentation in order to verify that companies and claims processing entities have issued decisions in accordance with:

- ICHEIC claims processing guidelines<sup>1</sup>
- ICHEIC relaxed standards of proof<sup>2</sup>
- ICHEIC valuation guidelines<sup>3</sup>

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<sup>1</sup> For decisions covered by the German Foundation Agreement, claims handling procedures stipulated in Annex A of the Agreement apply (<http://www.icheic.org/pdf/agreement-GFA.pdf>).

<sup>2</sup> For decisions covered by the German Foundation Agreement, relaxed standards of proof stipulated in Annex B of the Agreement apply (<http://www.icheic.org/pdf/agreement-GFA.pdf>).

<sup>3</sup> For decisions covered by the German Foundation Agreement, valuation guidelines stipulated in Annex D of the Agreement apply (<http://www.icheic.org/pdf/agreement-GFA.pdf>).

In addition to the detailed points of reference contained in the above documents (all of which are available on the ICHEIC website), the Claims Team uses claims files, information contained in the ICHEIC claims database, a series of questions designed for use of verification of offers and declines, and a “Verification Calculator” spreadsheet to aid in verification of decisions.

When Claims Team members query whether a decision has been rendered in accordance with the appropriate guidelines, the most common reasons for this are:

- *Additional information is required in order to evaluate the decision fully.* (Example: An offer is made for a policy against which, according to the decision letter, a loan was taken out, thereby reducing the value of the offer, but the date of the loan is not specified in the decision letter.)
- *Documents related to the decision are missing.* (Example: A claim is declined due to a claimant’s receipt of previous compensation, but documentation of such compensation is not included with the decision letter.)
- *The **valuation** of an offer does not appear to be in accordance with ICHEIC guidelines.* (Example: An offer is made based on an assumption that a policy was converted to ‘paid-up’ status, in spite of evidence in the claim indicating that the full sum insured should be the basis for the offer.)
- *The **calculation** of an offer does not appear to be in accordance with ICHEIC guidelines.* (Example: An offer is made based on use of a currency multiplier for German Reichsmarks, in spite of evidence in the claim indicating that the policy was denominated in Swiss francs and should be compensated as such.)
- *A decision needs further clarification in order to establish that it has been rendered in accordance with ICHEIC guidelines.* (Example: A claim is declined due to lack of evidence in spite of the claimant’s inclusion of a copy of the policy and proof of Holocaust-era persecution.)

### **Follow-Up Queries**

If Claims Team members determine that a decision has been rendered in accordance with ICHEIC guidelines, no follow-up query is sent to the company or claims processing entity. Details of the decision are entered into the ICHEIC claims database.

If Claims Team members query whether a decision has been rendered in accordance with ICHEIC guidelines, the query is sent to the relevant company or claims processing entity. Pertinent claim information is provided, along with a detailed explanation of ICHEIC’s query, so that the decision may be reviewed, the query addressed, and, if necessary, a modified or new decision issued in accordance with ICHEIC guidelines.

Upon receipt of a response to a verification follow-up query from a company or claims processing entity, Claims Team members re-verify the decision in light of the response. A further follow-up query is sent only in an instance where Claims Team members believe that a company or claims processing entity continues to overlook an unambiguous element of ICHEIC guidelines.

ICHEIC sends follow-up queries in spreadsheet form, via e-mail, to companies and claims processing entities every two weeks. The Claims Team tracks responses received on these queries to ensure they are resolved in a timely manner.

### **ICHEIC Claims Database Maintenance**

As Claims Team members use the ICHEIC claims database to aid in verifying claims, they monitor the database to confirm that pertinent data have been entered correctly. In instances of data entry error, Claims Team members correct errors and notify the database administrator for verification of these corrections, thereby ensuring a crosscheck on data entry as well as confirming completion of verification.

In rare instances where data entry errors have substantively affected a decision on a claim, the claim is re-submitted to the relevant company or claims processing entity after the errors have been corrected, accompanied by a detailed letter explaining its re-submission.

### **Large-Scale Verification**

In addition to ICHEIC's ongoing decision verification process described above, ICHEIC has, at various times, executed large-scale verification efforts. Such efforts have occurred at times when the volume of decisions to be verified has outpaced ICHEIC's staff and resource capabilities. Established ICHEIC verification standards and practices have been followed during all large-scale verification exercises. Experienced personnel from ICHEIC's partner organizations (U.S. state insurance regulators and Jewish organizations) have assisted in large-scale verification efforts, the most recent of which occurred in February and March 2004. In this exercise 4,492 decisions were reviewed, and queries were subsequently raised with companies concerning 443 decisions. The Claims Team is actively working with the companies to resolve these queries in the shortest possible timeframe while at the same time keeping pace with ongoing decision-making and verification efforts.

### **Regulator Notification**

ICHEIC is developing a supplementary section to the monthly reports that go to U.S. state insurance regulators (concerning those claims on which regulators provide assistance to claimants) for which verification has raised queries. If regulators have additional questions, ICHEIC is pleased to provide information beyond that included on the monthly reports.

Regulators may send ad hoc queries on individual claims to the ICHEIC Claims Team through established channels of communication.

**Verification Statistics**

	Through Q4 2003	Current Quarter	Total
Decisions Verified	2,379	5,439	7,818
Queries Raised	155	537	692
Queries Resolved <sup>4</sup>	62	81	143

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**Research and Matching**

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The December 2003 Quarterly Report provided an overview of the three forms of “matching” that occur under the ICHEIC process:

- Matching between the ICHEIC Research Database and the ICHEIC Claims Database
- Matching performed by companies
- Matching between the ICHEIC Claims Database and the German Policyholder Database

**Matching Between the ICHEIC Research Database and the ICHEIC Claims Database**

The ICHEIC Research Database is electronically compared to the ICHEIC Claims Database to identify records where surnames, forenames, and dates of birth “match”; that is, records in which these data points appear identical or similar. A technical description of these procedures and protocols, including explanations of the match designations (MT 0-MT 10, Exact Match, High-Probability Match, Possible Match, and Non-Match), is provided at the end of this section.

The first step in the process is the identification of Exact Matches (also designated MT 0 matches): instances where a record from the ICHEIC Claims Database and the ICHEIC Research Database contain identical family names, given names, and dates of birth. Each month, ICHEIC’s outsourced claims processor runs an electronic comparison of the ICHEIC Claims Database and the ICHEIC Research Database to identify MT 0/Exact Matches. After their status is confirmed, Exact Matches are sent to companies on a monthly basis.

The second step is periodic<sup>5</sup> electronic comparison of the ICHEIC Claims Database and the ICHEIC Research Database to identify additional, non-exact matches, which are classified into

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<sup>4</sup> The 443 queries raised by the February-March verification exercise were recently distributed to companies. ICHEIC and the companies are working to resolve them as soon as possible.

categories ranging from MT 1 to MT 10 (see technical description at the end of this section for further details). These additional matches are then verified to ensure that records from the ICHEIC Claims Database and records from the ICHEIC Research Database have been correctly linked, and also to remove matches that have been made in earlier comparisons and duplicate matches.<sup>6</sup>

The matches are then analyzed in detail. To fully inform this analysis, claims processors have access to background information for both the ICHEIC Research Database (scanned copies of archival records) and the ICHEIC Claims Database (paper claim files). Within each of the MT 1 to MT 10 categories, claims processors further categorize matches as High-Probability Match, Possible Match, and Non-Match. Under current practices, High-Probability Matches are immediately forwarded to companies in the same manner as Exact Matches.

To date, the majority of effort and resources devoted to ICHEIC matching has been channeled toward the identification of Exact and High-Probability Matches and the transmission of those matches to companies, since they constitute the strongest corroborative evidence in support of claims. Possible Matches are reserved for further review and examination by ICHEIC in order to determine whether more information can be gathered to corroborate the possibility of the match.

Statistics regarding ICHEIC matching are included at the end of this section.

### **Matching Performed by Companies**

ICHEIC member companies compare all names of claimants, policyholders, beneficiaries, and insured persons with company records. Names from claims that do not specify a particular insurance company (Unnamed Claims) are sent to all companies that may have done business in the country identified by the claimant. If a company matches names from an Unnamed Claim against its records, the claim becomes a Named Claim and the company writes to the claimant directly with its decision.

To date, ICHEIC member companies have matched 2,141 originally Unnamed Claims, of which they have made offers on 1,186 and declined 955 (for instance, because a claimant received previous compensation from a company or a settlement under a government reparation program).

At Chairman Eagleburger's request, the Monitoring Group has started to analyze matching performed by companies. Details of their efforts to date may be found in the Monitoring Group section of this report.

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<sup>5</sup> A final matching comparison of the two databases is planned when both databases are complete (forecast for the end of June 2004).

<sup>6</sup> Duplicate matches would be generated if, for instance, a record in the Claims Database reflected the insured and beneficiary as the same person (as is often the case with dowry insurance). Since all names provided in a claim (policyholder, insured, beneficiary, etc.) are included in matching comparisons, duplicate matches are not uncommon.

## Matching Between the ICHEIC Claims Database and the German Policyholder Database

This matching process is stipulated in the 16 October 2002 Agreement among ICHEIC, the German Foundation “Remembrance, Responsibility and the Future,” and the German Insurance Association (GDV).<sup>7</sup> ICHEIC and the GDV are charged with undertaking a comparison exercise between the ICHEIC Claims Database and the German Policyholder Database<sup>8</sup> using established ICHEIC matching procedures and protocols. This matching exercise must be conducted in Germany in accordance with European data protection requirements.

Representatives from ICHEIC, the GDV, and the BaFin (*Bundesanstalt für Finanzdienstleistung*, Germany’s financial regulatory agency) have met to discuss technical procedures and initiate this project. The information technology firm that has been engaged to facilitate this exercise has conducted a pilot comparison of 500 names between the ICHEIC Claims Database and the German Policyholder Database. The technical specialist who developed ICHEIC’s current matching protocols is currently conducting a second, independent comparison using the same data. The results of the two pilot evaluations will be analyzed and any necessary adjustments will be made to finalize the technical procedures that will be used for the full comparison exercise. Then, once the ICHEIC Claims Database is complete (when all claims received have been fully processed by the ICHEIC claims processor and distributed to companies), a broader comparison of the ICHEIC Claims Database and the German Policyholder Database will commence. The net results of this comparison will be sent to the BaFin, which will identify the company corresponding to each match. The matches will then be distributed for further investigation by relevant companies, using established claims handling procedures.

### ICHEIC Matching Procedures and Protocols

*Exact Matches:* The key determinants of a match are family name, given name and date of birth. If two records from the two databases contain these three in identical form (and there is no conflicting information), that is classified as an exact match and sufficient to support the Relaxed Standards of Proof that the person named in the claim and the person named in the archive are the same.

*High Probability Matches:* ICHEIC has agreed that the matching process should look further than exact matches to identify high probability matches where the records are not identical but there is a strong indication they refer to the same person. The following are examples of these variations.

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<sup>7</sup> See Annex H, “Agreement Concerning Holocaust Era Insurance Claims,” which is available on the ICHEIC website at <http://www.icheic.org/pdf/agreement-GFA.pdf>.

<sup>8</sup> The German Policyholder Database is a consolidated list of policies issued by German insurance companies concerning policyholders between 1920 and 1945, which was compiled in accordance with Annex H of the 16 October 2002 agreement.

- Names, including surname, given name, nickname and maiden name. The spelling of policyholders' names submitted by the claimant are often different from those in the archival or company databases. The major difference is caused by variation between languages, resulting from transliteration and migration.
- Date of birth, including day, month and year. Most of the policyholders were born more than one hundred years ago, and as a result it is difficult for claimants to recall the exact birth dates of policyholders or those insured. Even when policyholders or those insured were alive, they were not always aware of their exact date of birth. In addition, the recording of birth dates was not always accurate. In many cases, the exact birth date is not available in either the claimant or source database or both.
- Location, including birth place of policyholder or insured, their last known address, the place they bought their insurance and the location of the archival records. Many Jews moved within Europe, especially from eastern to western countries, during the 1920s and 1930s, making comparisons of locations more difficult.
- Policy numbers, if available. There are some cases when everything matches but the policy numbers. This can sometimes be attributed to the fact that a claimant does not have documentation and has attempted to recall the number from memory after more than 60 years. In other cases, there were numerous policies actually held by the policyholder or the insured.

## **Process**

The soundex matching process uses software to compare the various available information specified above in the claimant database and the research databases. It includes a "soundex" type system that produces variant in spellings of names and towns corresponding to the phonetics of the names (for example, the very common spelling difference of Kohn and Cohn, or the less common name of Szaje and Schaje; also Tchaikovsky and Chaikowski).

The technique used is based on the Daitch Mokotov method, which translates the sound of different syllables into a numeric code. The numeric codes are then compared and different techniques are used to eliminate the obviously false identities. Alternative configurations and variants in the dates of birth are also considered. The computer program makes no distinction between various forms of presenting dates of birth, such as using slashes, periods, or the use of zeros from one to nine. The resulting matches are divided into ten categories, depending on the amount of data available and the number of matches.

## Matching Categories

- MT0 Exact given name, surname and exact date of birth<sup>9</sup> (DOB) (performed at monthly intervals by CLMS).
- MT1 Exact/soundex surname, given name and locality; exact DOB.
- MT2 Exact/soundex surname and given name; exact DOB; locality missing or mismatch.
- MT3 Exact/soundex surname, given name and locality; “close” DOB<sup>10</sup>.
- MT4 Exact/soundex surname and given name; close DOB; locality missing or mismatch.
- MT5 Exact/soundex surname, given name and locality; “pattern” match<sup>11</sup> DOB.
- MT6 Exact/soundex surname and given name; DOB “pattern” match and locality missing or mismatch.
- MT7 Exact/soundex surname and given name; matching locality but DOB missing in at least one record.
- MT8 Exact/soundex surname and given name; but DOB and locality no match.
- MT9 Exact/soundex surname and given name; first letter of surname; neither DOB or locality are checked.
- MT10 Exact/soundex surname and given name; neither DOB or locality are checked.

Matching runs can also be done which use additional criteria alongside those used above. For example, matches can be made with maiden name, policy number. This can be used to supplement missing or incomplete information.

## ICHEIC Matching Statistics

ICHEIC is in the process of developing complete statistics on the matching process, which will build on the information presented below and provide greater detail.

In order to ensure that the most up-to-date information in both the ICHEIC Claims Database and the ICHEIC Research Database is taken into account during matching, the entireties of the two databases are compared during each electronic matching comparison.

Therefore the preliminary raw results contain a number of matches that are immediately sifted out for various reasons (they matched previously and are already recorded as matches, they correspond to duplicate records within either the claims or research databases, etc.).

Preliminary raw matches produced by the latest electronic comparison number approximately 34,000. Of these preliminary raw results, the percentages of matches break down as follows: Exact – 44%, High-Probability – 30%, Possible – 11%, False – 15%.

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<sup>9</sup> Exact date of birth would include different configuration of day and month (dd/mm and mm/dd).

<sup>10</sup> Close date of birth is defined as where the day/month are identical but the year slightly different, or the year is exact but the day or month is slightly different.

<sup>11</sup> Pattern date of birth is where there is some pattern between the dates tested (e.g. 11/11/1898 and 01/11/1889).

Approximately 46% of the preliminary raw results will be immediately sifted out, however, for the reasons stated above. Of the remaining 54%, all False matches are disregarded. All Possible matches are set aside for further review. All Exact and High-Probability are then analyzed to determine whether they are actionable. Approximately 38% of Exact and High-Probability matches are non-actionable for various reasons (no company is named in the research database record, the company named in the research record is not present in the ICHEIC company/country matrix, the match is still undergoing processing by CLMS claims processors, etc.).

The figures in the chart below pertain to the remaining, actionable Exact and High-Probability matches. In the near future we will provide further breakdown of these figures according to the category that has been assigned.

<b>Matches Generated by Electronic Database Comparison (Listed by Company/Organization to which the Match has been Assigned)<sup>12</sup></b>		<b>5,816</b>
Generali/GTF	2,382	
Generali AuM	24	
Generali Lloyd	11	
Allianz (Germany)	225	
RAS	208	
AGF Belgium	2	
AGF France	2	
Vereinte	61	
AXA France	1	
AXA Colonia	47	
Winterthur	7	
Zurich	20	
Claims Resolution Tribunal	27	
SJOA	19	
Austrian General Settlement Fund	1,508	
GDV	1,215	
Participating Non-MoU companies	57	
<b>Matches sent to companies/organizations</b>		<b>2,219</b>
Matches resulting in offers	312	
Matches resulting in denials	294	
Matches awaiting decisions <sup>13</sup>	1,613	
<b>Matches awaiting distribution<sup>14</sup></b>		<b>3,597</b>

<sup>12</sup> Includes both those matches that have been distributed as well as those that require further analysis.

<sup>13</sup> This figure includes 673 matches on new claims recently sent to the Austrian General Settlement Fund (GSF).

<sup>14</sup> This figure includes 1,215 matches for the GDV, for which appropriate handling will be considered separately by the advisory group overseeing the comparison exercise between the ICHEIC Claims Database and the German

## Archival Research

The underlying component of the first type of matching described above (matching between the ICHEIC Research Database and the ICHEIC Claims Database) is archival research, which generates evidence of persons likely to have:

- held insurance during the Holocaust era;
- been persecuted by the Nazis; and/or
- lost assets as a result of Holocaust-era persecution.

ICHEIC's archival research (the majority of which took place between 2000 and 2003) resulted in the creation of the ICHEIC Research Database, which includes information on 77,518 policies belonging to 55,079 policyholders. An additional 16,579 people are connected to these policies as beneficiaries and/or insured persons.

Information contributing to the ICHEIC Research Database was retrieved from hundreds of archives in 11 countries: Austria, Bulgaria, the Czech Republic, Germany, Israel, Lithuania, Poland, Slovakia, Switzerland, the United States, and Ukraine. Research in four additional countries (Greece, Hungary, Romania, and the Russian Federation) yielded no significant results.

Building on assistance provided by the U.S. Department of State, ICHEIC has pursued additional archival research in Hungarian, Polish, and Romanian records on the basis that evidence of possible relevance to the ICHEIC Research Database may have recently become available. The State Department approached the national governments of Hungary, Poland, and Romania to identify appropriate points of contact for this additional research and to ensure that ICHEIC would receive the necessary cooperation. ICHEIC would like to express its appreciation to the Department of State, and especially to the Office of the Special Envoy for Holocaust Issues, for assistance in moving this additional research forward.

ICHEIC retained Mr. Yoram Mayorek, a Holocaust-era researcher who executed much of ICHEIC's earlier archival research, to undertake this latest phase. Mr. Mayorek began the current project in February 2004 and expects to complete this work this month. At the end of this final phase of research, any relevant results will be uploaded into the ICHEIC Research Database in order to be taken into account in future matching exercises. ICHEIC will publish a final report detailing all archival research efforts when this project is finished.

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### Monitoring Group

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Since the December Quarterly Report, the Monitoring Group has, at Chairman Eagleburger's direction, reviewed and discussed two critical areas of the ICHEIC process: the ICHEIC decision verification process and internal matching processes carried out by individual

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Policyholder Database. Remaining matches awaiting distribution are undergoing further analysis to confirm the validity of the match.

companies and claims processing entities. Monitoring Group member Catherine Lillie, Director of the Holocaust Claims Processing Office of the New York State Banking Department, reported on the Monitoring Group's activities at the April 21, 2004 Commission meeting.

The London Claims Team demonstrated the ICHEIC decision verification process to the Monitoring Group through a detailed presentation of more than 30 company decisions, including both declines and offers.

As a result, the Monitoring Group came to a number of conclusions regarding the verification process, which were presented to Chairman Eagleburger. The main recommendations made by the Monitoring Group were as follows:

1. In order to answer any questions regarding claim details, verifiers should have access to complete ICHEIC claim files.
2. The ICHEIC decision verification process should assess claims in total and in detail to ensure that companies and claims processing entities issue decisions in accordance with all ICHEIC guidelines.
3. Verifiers should ensure that claimants receive complete and accurate information in order that they are fully informed when considering whether to accept, reject, or appeal decisions.
4. Verifiers should ensure that all relevant research (especially matches generated by the ICHEIC Research Database) has been taken into account by companies and claims processing entities in rendering their decision.
5. Named claims that have been denied should be matched against the ICHEIC Research Database one additional time as a final step of verification.
6. Full language competency should be present in any team undertaking ICHEIC decision verification to ensure the accuracy of translations provided by ICHEIC's claims processor, CLMS.

Many of the Monitoring Group's recommendations have already been incorporated into the ICHEIC decision verification process, covered in detail in the verification section of this report.

The Monitoring Group also made considerable progress in fulfilling Chairman Eagleburger's request that it review the processes whereby companies and claims processing entities match names from ICHEIC claims with their internal records. The Monitoring Group visited Generali at their Trieste headquarters in late March and observed their matching process in action. Representatives of the Generali Trust Fund also attended the meeting and presented a detailed description of their matching procedures.

ICHEIC claims statistics show that the next sizeable subset of claims name Allianz. Accordingly, the Monitoring Group has made tentative plans to observe Allianz's matching operations in Stuttgart in late June.

The Monitoring Group will make recommendations to Chairman Eagleburger regarding its findings on company matching during the next quarter.

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## Audits

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The ICHEIC audit process is carried out in two stages by internationally recognized accounting firms. Stage 1 audits examine the companies' systems and procedures that are set up to achieve compliance with ICHEIC Audit Standards. Stage 2 examines each company's handling of claims. (See the ICHEIC Quarterly Reports of May and August 2003 for further details.) Oversight of audits is the responsibility of the Audit Mandate Support Group (AMSG).

The ICHEIC companies that have been declared audit compliant at Stage 1 are Allianz Leben, Vereinte (Allianz's German subsidiary), RAS (Allianz's Italian subsidiary), AGF (Allianz's French subsidiary), AGF Belgium (owned by AGF), AXA, Generali for East European branches, and Zurich.

Stage 1 compliance has not yet been declared for Generali's West European operations, Generali's East European subsidiaries, or Winterthur.

In this quarter, audit focus has again been on the Allianz and Generali groups. Status reports on these two groups and on Winterthur follow.

### **Allianz Group**

The December Quarterly Report referred to two outstanding issues: additional databasing work by Vereinte and by AGF. Vereinte's databasing subcontractors initially omitted one part of their work, which meant that compliance was not achieved until March. AGF completed its additional databasing and achieved compliance in February.

The December Quarterly also referred to an open question regarding Allianz's denial of claims where there is a match on its central register (ZRG) of insurance applications, but no other supporting evidence. The German Insurance Association (GDV) submitted a proposal that such cases be settled by awards similar to those offered in cases of blocked accounts (for which compensation is usually offered by the GDV; see Agreement dated 16 October 2002 among ICHEIC, the German Foundation, and the GDV). Following discussions among representatives of ICHEIC, the GDV and the German Foundation, this treatment has been agreed upon and was confirmed by Chairman Eagleburger's letter to the GDV dated April 22, 2004.

## **Generali**

At the end of March, the AMSG held debrief meetings on AMB Generali Holding's two life subsidiaries in Germany, on east European subsidiaries and on Italy. A third German operation, Generali Thuringia, is awaiting completion of its compliance audit, which is expected during May.

None of these units achieved compliance at the debrief meeting. One of AMB Generali Holding's subsidiaries, Aachener und Münchener, has since been declared compliant but the other has some additional databasing work to complete before compliance can be achieved, which may take a few months. Details of this work are under discussion.

On the East European subsidiaries, ICHEIC is examining possible ways to compensate for the lack of records caused by the companies having been confiscated by communist regimes after World War II, and is dealing with some specific questions raised at the debrief meeting.

On Austria, the compliance auditors, PwC, are reviewing their draft report because some of the records are in Trieste where they and the company are carrying out further work. The target date for a debrief meeting is the end of June when ICHEIC intends to review additional work being done on Italy.

In France, the compliance report is almost complete and ICHEIC expects peer review audit work to start by early June.

## **Generali Trust Fund (GTF)**

ICHEIC has appointed Deloitte & Touche to audit the processing of Generali claims by the GTF. It will examine the methods and procedures used by the GTF and will effectively combine Stage 1 and Stage 2 audits. ICHEIC has also appointed the firm to carry out Stage 2 audits of Generali itself (except for Germany) because the transfer of claims processing work to the GTF was gradual, and because of the extensive involvement of Generali in providing copies of records to the GTF.

## **Winterthur**

Following a Winterthur debrief meeting in November 2001, the company agreed to do further work to ensure its database is as comprehensive as possible. This was a time-consuming process, which resulted in some 200,000 additional names from German subsidiary Deutsche Beamten Versicherung (DBV) being added to Winterthur's electronic database. There have since been delays over the audit process, but we have now received final reports from the compliance auditor and expect the peer review audit report very shortly.

## Availability of Stage 1 Peer Review reports

Company	Draft Peer Review Reports <sup>15</sup>		Comment
	Feasible	More Likely	
Generali Germany AMB Group	Received	N/A	Compliance likely for one company in May, the other may be in September.
Generali Germany Thuringia	Mid-June	Late June	Compliance auditors have identified further work, which is being carried out.
Generali Austria	Mid-June	Late June	Compliance auditors have identified further work, which is being carried out.
Generali Italy, East European subsidiaries	Received	N/A	Compliance likely for East European subsidiaries in early June. Italy compliance to be determined.
Generali France	Late July	Late August	
Winterthur	Imminent	N/A	

## Stage 2 Audits

Stage 2 audits will be carried out by single audit firms appointed by ICHEIC instead of the compliance and peer review structure used for Stage 1. The firms will review the companies' handling of claims in accordance with Standard 5. Work cannot start on Stage 2 until the insurer has achieved compliance under Stage 1. In February, we appointed the first firm, PwC, to audit Allianz, followed in April by Deloitte & Touche to audit Generali (except Germany) and Ernst & Young to audit AXA. We are in the process of appointing PKF to audit Generali Germany and Zurich. All of the companies have processed sufficient claims for the audits to start. In the case of Allianz group, work has started and our auditors, PwC, expect the field work to take 3 to 4 weeks for each company. We expect to receive the first draft reports during May.

## Audits of non-MoU German Companies

The planned start of 10 audits by the German regulator, BaFin, in January was delayed because the numbers of named claims processed by the companies were insufficient at that time. This was partly caused by difficulties in reconciling the numbers of claim files dispatched by CLMS

<sup>15</sup> Dates for peer review reports are the dates when ICHEIC might receive drafts of the reports. The debrief meeting then has to be arranged at a date suitable to the AMSG members, and reports made available at least three weeks before the meeting. Achievement of compliance therefore takes at the very least another two months after the draft peer review reports are available. After the debrief meeting, there may be requests for additional work to be done, so several more months may pass before a company is deemed compliant.

with those received by the companies and originally requested by the GDV. There have also been delays in having the claims checked by the German federal compensation register, the BZK (*Bundeszentalkartei*), which is a prerequisite to processing a named claim by a company. This has been resolved and the first two audits are scheduled to start at the beginning of June. The BaFin sends out a preliminary questionnaire to the target companies 6 to 8 weeks before an audit starts.

Following the delay in starting the BaFin audits, ICHEIC is presently considering the appointment of a second observer to the BaFin audits to avoid dependence on the single observer already appointed and enable BaFin to carry out two audits concurrently.

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## Communications

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In early March, ICHEIC transferred the Call Center from its previous service provider to the Claims Conference. The transfer improved ICHEIC's communication with claimants in several respects.

Call Specialists now have an improved computer application and access to certain claim files. This allows them to assist claimants more effectively than in the past, both with their individual claims and with general questions related to the ICHEIC process.

The transfer also fulfilled a need to close out company requests for additional information from claimants. With a new staff and increased access to claimant information, the ICHEIC Call Center successfully closed out approximately 1,400 outbound requests for additional information in its first month of operation. ICHEIC subsequently forwarded all responses received to the companies, which will use the information in finalizing decisions on outstanding claims.

The tools available at the new Call Center allow Call Specialists to ensure that information on callers in ICHEIC's claimant database is correct, rapidly update this information, and confirm that callers' claims are on the appropriate track within the ICHEIC process. ICHEIC continues to work in close cooperation with the new Call Center to ensure that the concerns of claimants and their representatives are met with open lines of communication and to facilitate the resolution of outstanding claims.

ICHEIC continues to use its redesigned website, [www.icheic.org](http://www.icheic.org), as a major means of communication with claimants and Commission representatives. Recent additions to the website include a presentation given by ICHEIC staff at the April 21 Commission meeting, the latest Statistical Report, and an announcement of the recent payment of \$16 million through the humanitarian claims process.

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## Appeals

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The Appeals Office has received 486 appeals as of 30 April 2004, an increase of 168 since the December Quarterly Report. Decisions have been made on 194 appeals, leading to award payments of \$765,865 in 73 cases. In an additional 39 appeals, the arbitrator(s) recommended that the case be considered under the ICHEIC humanitarian claims process. These cases are expected to undergo review in May 2004. In a further 13 cases, the appeals were settled prior to the arbitrator's decision, resulting in claimant payments of \$90,370.

The breakdown of appeals by company is as follows:

	Appeals Tribunal <sup>16</sup>		Appeals Panel <sup>17</sup>	
	<i>Awards</i>	<i>Dismissals</i>	<i>Awards</i>	<i>Dismissals</i>
<b>Allianz</b>	2	0	0	12
<b>Allianz RAS</b>	44	49	11	15
<b>AXA France</b>	1	5	N/A	N/A
<b>AXA Colonia</b>	4	18	0	2
<b>GDV</b>	N/A	N/A	0	4
<b>Winterthur</b>	0	0	0	0
<b>Zurich</b>	11	15	0	0

Four quarterly reports have been issued by the Appeals Panel and five by the Appeals Tribunal. These are available on the ICHEIC website.

The ICHEIC and GTF Appeals Offices held a meeting in London in February. As a result of the closer and more regular cooperation that this meeting generated, the ICHEIC appeals statistics published every two weeks now include GTF appeals figures.

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## Humanitarian Claims Process

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### Unnamed and presently Unmatched Claims

To date, the ICHEIC humanitarian claims process has distributed humanitarian payments to approximately 16,000 Holocaust survivors and their heirs. The \$1000 humanitarian awards have been made to ICHEIC claimants with unnamed and presently unmatched claims that have been determined to be eligible according to established guidelines. The payments are in recognition of the fact that some Holocaust-era insurance claims cannot be established due to the ravages of war and the passage of time.

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<sup>16</sup> The Tribunal has jurisdiction over MoU companies AXA, Winterthur, and Zurich. The Tribunal also has jurisdiction over Allianz cases prior to October 16, 2002, the date that the German agreement was signed.

<sup>17</sup> The Appeals Panel is responsible for all German insurance company decisions, including those of Allianz issued after October 16, 2002.

Chairman Eagleburger appointed Samuel R. Berger, a former U.S. National Security Advisor, to serve as Senior Counselor to the ICHEIC humanitarian claims process. Senior Counselor Berger developed the criteria by which claims were evaluated for humanitarian awards, and supervised the payment approval process. The Claims Conference carried out the technical implementation of the program.

Awards on unnamed and presently unmatched claims in the humanitarian claims process are made on a per claimant basis. The humanitarian process for these claims is based solely on the evaluation of highly anecdotal evidence. These claims do not contain documents that meet the ICHEIC Standards of Proof and/or assist in the further evaluation of the claims. Moreover, even the anecdotal evidence in these claims fails to meet the Relaxed Standards of Proof and ICHEIC has been unable to date to “match” any of them with additional information that would allow us to further identify a particular company that might be responsible for the policy. Given these factors, payments made through the humanitarian claims process for unnamed and unmatched claims, while related to insurance, are specifically designated as purely humanitarian awards.

### **Named Claims on Nationalized/Liquidated/No Found Successor Companies**

As a separate part of the humanitarian claims process, also called for under Section 8 of the Memorandum of Understanding, we will evaluate information provided in claims on companies in Eastern Europe that were nationalized, liquidated, or where there is no found successor. This evaluation will commence shortly. ICHEIC will review the claims files in this humanitarian claims payment category to determine if there is sufficient information to make a humanitarian award on a particular policy in accordance with the ICHEIC Relaxed Standards of Proof and Valuation Guidelines. These humanitarian payment awards are scheduled to be determined by September 2004.

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### **Humanitarian Allocations**

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Early in 2003, ICHEIC committed \$132 million, to the extent ultimately available, for social welfare benefits to Jewish victims of Nazi persecution worldwide, to be distributed over a 10 year period. ICHEIC contracted with the Claims Conference for the worldwide distribution of the \$15 million earmarked for 2003.

In December 2003 Chairman Eagleburger convened an advisory group to revisit the allocation of these funds. This group reviewed the Ukeles and Della Pergola reports, two demographic studies commissioned by ICHEIC and available on the website. Following the meeting, the decision was made to reallocate social welfare funds geographically based on an average of the estimates of Nazi victims reported by these two studies. ICHEIC also announced that the funds will be distributed over eight years beginning in 2004, instead of nine remaining years, as originally contemplated. ICHEIC has entered into a contract with the Claims Conference for distribution of these funds for 2004 and 2005.

In addition to the social welfare program, ICHEIC has approved two pilot humanitarian projects. ICHEIC agreed to fund the first year of a Jewish heritage education program for youth in the countries of the former Soviet Union. Young people will have the opportunity to participate in intensive summer retreats, where they will learn about Jewish culture, traditions, and history. The program will have a special focus on Holocaust education and remembrance. Preparations are underway to begin the program in St. Petersburg this summer with 700 participants: The Jewish Agency has selected leadership personnel and camp educational staff, and is developing a curriculum. The project leaders have also arranged for encounters between the youths and Holocaust survivors.

ICHEIC has committed \$975,000 to fund the pilot year of this program and an independent program assessment study. If the pilot is successful, it is expected that ICHEIC will authorize the remaining four years of the program (including sites in St. Petersburg, Moscow, and Kiev) for a total budget of \$10.3 million.

The second humanitarian pilot project that ICHEIC has undertaken is the Service Corps. This program combines Holocaust education for university students with service to their local survivor population. ICHEIC has committed \$596,000 to an 18-month pilot in Miami and New York. If the pilot is successful, the Service Corps will be expanded to other communities with a willing university and a large survivor population.

ICHEIC has formed a partnership with the University of Miami for one of the pilot sites. The Service Corps will be part of a formal academic program for credit: Students will take classes in Holocaust studies at the university, and ICHEIC will fund a program of home visits to survivors. Although the university did not have sufficient lead time to formally launch the program in the spring 2004 semester, it implemented a “soft launch” and has begun recruiting and training students. To date, seventeen students have committed to beginning the Service Corps program in the fall semester, and many of them have expressed interest in starting home visits to survivors over the summer.

In New York, the Service Corps will include students from six universities under the direction of Hillel. The schools participating are: Brooklyn College, Queens College, Baruch College, New York University, Hunter College, and Columbia University. Participation in the New York Service Corps is not tied to a single academic program of study, but students will receive credit from their schools. Hillel has hosted model Seders and other gatherings for students and survivors to recruit participants for the fall 2004 semester.

In response to inquiries from several members of the ICHEIC community, we have prepared a timeline detailing the availability of humanitarian funds from various sources. This timeline is available on the website. Since the claims process is ongoing, it is not possible at this point to determine the total amount of money that will ultimately be available for humanitarian programs.

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## Financial Report

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Over the last several months, the FAAC has focused on the steps necessary to allow ICHEIC to invest funds longer term. ICHEIC funds are currently invested in short term money market instruments. The members focused on several areas, including:

- Refining the Investment Guidelines;
- Approving assumptions regarding timing of the estimated liabilities/commitments of ICHEIC; and
- Reconstituting the Investment Committee.

The Investment Guidelines were developed over a year ago and ICHEIC's investment managers have been working within those guidelines since that time. The members of the Investment Committee, in combination with the experience of the practical application of the original guidelines, identified a few policies within the guidelines that could be improved. The Investment Committee made recommendations for amendments to the Guidelines, which the FAAC considered at their April 2004 meeting. The FAAC approved certain of the recommended changes to the guidelines. The amended Investment Guidelines are attached as Exhibit A to this report.

The FAAC also addressed the timing of the estimated liabilities and commitments of ICHEIC. Clearly, any representation of ICHEIC's estimated liabilities and commitments are subject to a variety of assumptions. ICHEIC staff using the best information available to them at the time prepared the estimates and the FAAC addressed and approved these assumptions in principle. These estimates will now be used by the Investment Committee and will allow them to make investment recommendations based on the assumed timing.

Lastly, the FAAC suggested that the Investment Committee, which had previously been composed of independent investment advisors, include a representative of each of the constituent groups of ICHEIC.

The Investment Committee now has been reconstituted and includes the following members:

Lawrence S. Eagleburger	Chairman
Moshe Sanbar	Member representing the Jewish groups
Thomas Gallagher	Member representing the insurance commissioners
Harvey Blitz	Member representing the insurance companies
Abraham Biderman	Independent member

Joseph Berger, CFO of the Claims Conference, attends Investment Committee meetings as an observer.

The Investment Committee will be meeting June 9<sup>th</sup> to address investment strategies for the ICHEIC funds.

The FAAC also recommended that the lifetime budget be reviewed and updated in light of the fact that operational changes are taking place within ICHEIC as part of its effort to process claims as quickly and efficiently as possible and bring ICHEIC to closure. The FAAC recommended that the accounting and finance staff work to prepare a proposal of the close down costs of ICHEIC in conjunction with the staff and/or ICHEIC representatives assigned the task of developing the plan.

## **International Commission on Holocaust Era Insurance Claims Investment Guidelines**

These Investment Guidelines shall be followed with regards to investment of all ICHEIC funds, including ICHEIC operating accounts, the Generali Fund, the German Foundation Claims and Expenses Fund, the German Foundation Humanitarian Fund and the AWZ settlement funds.

### **Objective**

ICHEIC shall endeavor to maximize investment returns within the parameters of highly secure fixed income investments, with its principal goal being preservation of capital, and to minimize exposure to currency risk through matching of investments and liabilities in the appropriate currencies.

### **Guidelines**

- Investments shall be made in the mix of currencies that match ICHEIC's various obligations, including, but not limited to the US Dollar, British Pound and the Euro. To the extent that ICHEIC's obligations have not yet been determined, ICHEIC shall endeavor to provide a reasonable estimate of its obligations in each currency based upon information available at the time.
- Duration of investments shall take into consideration the timing of the liabilities of the Commission and the Humanitarian Fund.
- ICHEIC shall use the services of a minimum of two Investment Managers and not have sums in excess of \$200 million under management with any single Investment Manager.
- Investment Managers shall be wholly independent of ICHEIC members and affiliates, including members of the Investment Committee.
- Exposure to corporate bonds is limited to 40% of the portfolio. The minimum amount of cash is \$5 million. Not more than 5% (2% for corporations) of the fund may be in securities of any one issuer except for eligible national issues and collective funds.
- There are no position limits relating to US or other approved government Treasury and Agency issues.
- The average quality rating of the investments in an Investment Manager's portfolio or the average quality rating of any fund used by ICHEIC shall be a minimum of AA, SP-1 or comparable rating.
- Money market funds are considered to be the same as cash.
- The Investment Manager is required to inform ICHEIC when an investment has been downgraded and falls outside the Investment Guidelines. The Investment Manager must sell the security within 30 days of the downgrade. If however, the Investment Manager recommends holding such downgraded security; the Investment Committee must review and present a recommendation for the FAAC's consideration via email.