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31 October 2005

Dear Sirs

Report by PKF to The International Commission On Holocaust Era Insurance Claims on its Peer Review of the Compliance Report issued by PricewaterhouseCoopers on the compliance by Generali France with the Audit Standards promulgated ICHEIC

We refer to the report issued by PricewaterhouseCoopers (the "Independent Auditor") dated 12 October 2005 ("the Compliance Report") set out in section 1 of this document on the compliance of Generali France ("the Insurer") with the five audit standards ("Audit Standards") promulgated by the International Commission On Holocaust Era Insurance Claims set out in section 3 to this document. The Compliance Report has been issued in respect of the Management Report dated 5 October 2005, set out in section 3 to this document, prepared by the Insurer which describes the Insurer's compliance with each of the Audit Standards.

In accordance with the Engagement Letter between us dated 12 October 2000, we have reviewed the Compliance Report and the supporting working papers, and have made site visits to the Insurer's archives and carried out limited sample testing of the Insurer's databases, the Insurer's files and other records.

Our opinion is not in any way a guarantee as to the conduct of the Insurer in respect of any particular insurance policy or claim thereon at any time or in any particular circumstances.

Opinion

In our opinion the scope of the work performed by the Independent Auditor, the tests they performed and the documentation they have retained in relation to their appointment, support the findings and conclusions drawn by them as set out in their Compliance Report.

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Section 1

Generali France - Peer Review Report

Compliance Report Prepared by PricewaterhouseCoopers

GENERALI FRANCE - HOLOCAUST PROJECT

**Report of Independent Auditors on the compliance
of Generali France with the ICHEIC Audit Standards**

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I Introduction

- 1.1 This report provides the assessment of PricewaterhouseCoopers (“PwC”) of the compliance of the Generali France Group (“Generali France” or “the Company”) with the requirements of the five Audit Standards issued by the International Commission on Holocaust Era Insurance Claims (“ICHEIC”) in March 1999.

Background

- 1.2 The ICHEIC was established pursuant to a Memorandum of Understanding of August 1998 between certain European insurance companies including the Generali group and its subsidiaries (together the “Generali Group” or “the Group”) participating on a voluntary basis, a number of European and United States insurance regulatory authorities, the State of Israel and Jewish and Holocaust survivor organisations.
- 1.3 The objective of the ICHEIC, as stated in the Memorandum of Understanding, is to ensure that “...a just process shall be established that will expeditiously address the issue of unpaid insurance policies issued to victims of the Holocaust”.
- 1.4 The Memorandum of Understanding envisaged the conduct of an investigatory process “...to determine the current status of those insurance policies issued to Holocaust victims during the period 1920 to 1945 for which claims are filed with the International Commission. To assess the remaining unpaid insurance policies of Holocaust victims, a reasonable review will be made of the participating companies’ files...”
- 1.5 To provide a framework and methodology guidelines for the accomplishment of its objective, the ICHEIC issued an Audit Mandate in March 1999, together with five related Audit Standards. The Audit Standards are designed to cover all aspects of the investigation, from the identification of predecessor companies that may have issued life insurance policies in the period under review, to the establishment of systems and procedures for dealing with incoming claims. PwC France was engaged by Generali France as independent auditors in October 2001 to assess the compliance of the Company with the ICHEIC Audit Standards.

- 1.6 In providing a framework for the assessment of the insurers' own internal investigations, the Audit Mandate established a number of important principles concerning the conduct of the investigation. In particular, the Audit Mandate recognised that "*...an investigation of this nature requires an appropriate approach if a full accounting within a reasonable cost and time framework is to be met*".
- 1.7 While the Audit Mandate remains silent as to the definition of an appropriate approach or a means of reconciling the apparently competing requirements of "*...a full accounting within a reasonable cost and time framework*", it clearly recognises the need for a flexible approach tailored to the specific circumstances of the company involved. Similarly, the Audit Mandate recognises that the procedures employed may vary both from company to company and from country to country.

Responsibilities

- 1.8 As a member of the Generali Group that is a signatory to the ICHEIC Memorandum of Understanding, Generali France is solely responsible for achieving compliance with the Audit Standards and for the conduct of the work carried out in relation to that objective.
- 1.9 It is the responsibility of PwC to consider whether Generali France has, in our professional judgement, complied with the requirements of each Audit Standard in the context of the ICHEIC Audit Mandate.

The Generali France investigation

- 1.10 Generali France resources deployed in the investigation with whom we have liaised in the course of our work as independent auditors include department managers, archivists, information systems specialists and other insurance and operational personnel. The Company also commissioned a university professor from the Sorbonne, an independent economic historian and archive researcher, to assist with its Holocaust investigation together with two specialist external service providers to assist with the input of hand written documentation located in the course of the archive searches.

1.11 The process of identifying, collecting, reviewing and organising the relevant information obtained in the course of the investigation has proved complex, costly and time consuming. This is primarily attributable to a combination of the following:

- (a) The number of Generali France predecessor companies established and operating prior to the Second World War. Generali France in its current form has developed from some 20 different legal entities, certain of which originated more than 120 years ago; and
- (b) The scale of the Company's decentralised operations throughout France and the related number of archive sites. At the time of our investigation, the Company maintained approximately 140 different life insurance operating facilities in France, both in Paris and the regions.

The Audit Standards

1.12 The summary headings used in each of the Audit Standards provide an indication of the key requirements of each Standard. These are set out below:

Audit Standard	Summary Heading
One	Identify all Relevant Companies which exist at 31 December 1999
Two	Identify all Relevant Archive Sites
Three	Identify and secure Relevant Records
Four	Develop investigations database
Five	Investigate incoming claims

1.13 In the remainder of this report we summarise the key steps taken by Generali France in order to comply with the Audit Standards together with the principal procedures employed by PwC in order to test and assess compliance.

II Audit Standard One

- 2.1 In summary, this Audit Standard required the identification of all Generali France predecessor companies, including subsidiaries and branches, that issued life insurance policies in the period from 1920 to 1945 inclusive, in the following countries: Austria, Belgium, the Czech Republic, Germany, France, Hungary, Italy, Luxembourg, the Netherlands, Poland, Slovakia and Rumania.
- 2.2 Generali France and PwC used both internal and external sources of information in order to compile the following list of 16 predecessor life insurance companies. This list has been delivered to the ICHEIC for the purpose of facilitating the proper distribution of Holocaust era claims.

- ✓ Assicurazioni Generali (French branch)
- ✓ Assurances Générales de Trieste (French branch)
- ✓ Assurances Générales de Trieste et Venise (French branch)
- ✓ Istituto Nazionale delle Assicurazioni (French portfolio)
- ✓ La Sauvegarde de la Mutualité
- ✓ La Sauvegarde Vie (as renamed)
- ✓ La Quotidienne (as renamed)
- ✓ La Populaire
- ✓ L'Hafnia les Danoises Réunies (French portfolio)
- ✓ L'Utrecht (French portfolio)
- ✓ La Dordrecht (French portfolio)
- ✓ La Pietas (French portfolio)
- ✓ La Mutuelle Hollandaise (French portfolio)
- ✓ Antwerpia III (French portfolio - one contract)
- ✓ La Volksfürsorge (for the period between 1940 and 1945 in the Rhine and Mosel regions only)
- ✓ La France Vie

Work carried out by Generali France

- 2.3 Generali France engaged an independent economic historian to construct a corporate genealogy chart for the Company's life insurance activity in France since it

commenced operations. The independent historian developed the genealogy chart using a combination of internal information such as Board Minutes, Annual Reports and company Memoranda and Articles obtained either from the in house legal department or the archives, and external information obtained from sources such as specialist libraries (the library of the *Fédération Française des Sociétés d'Assurance* ("FFSA"), for example) and municipal archives.

Work undertaken by PwC

- 2.4 Our work performed in order to test the Company's assertion that it had identified all the relevant predecessor companies primarily comprised a comparative analysis of the results of the research undertaken by the independent historian with the following additional independent sources of information:
- (a) The report published by the Mattéoli Commission in June 1999 dealing with the genealogy of life insurance companies which were active in France in 1937;
 - (b) The results of a research project carried out by the FFSA investigating the current position of those life insurance companies which were active in France in 1944; and
 - (c) the references to company names contained in the documentation identified in the Generali France archives as a result of the systematic searches carried out for the purpose of Audit Standard Three. This enabled us to ensure that all the life insurance companies for which records had been identified from the period under review were included in the list of Generali France predecessor companies.
- 2.5 In addition, we sought to establish whether any of the predecessor companies identified had acquired portfolios from other companies by reference to the information contained in a report issued by the Ministry of Labour in 1937 relating to insurance companies which had ceased trading prior to 31 December 1937. We also reviewed the information concerning companies which had ceased trading between

1900 and 1940 contained in the Directory of Insurance Companies published in 1940/41.

Comparative analysis of information sources

2.6 The results of our comparative analysis of external and internal information sources are summarised in the table below.

Company Name	Independent Historian	Mattéoli Commission	FFSA Study	Generali France Archives
La France Vie	✓	✓	✓	✓
La Populaire	✓	✓	✓	✓
La Sauvegarde de la Mutualité	✓	✓		
La Sauvegarde Vie	✓	✓	✓	
La Quotidienne	✓			
Hafnia, les Danoises Réunies	✓	✓	✓	✓
L'Utrecht	✓			✓
La Constantia				✓
La Dordrecht	?			✓
La Pietas	?			✓
La Première Néerlandaise / Nederlanden				✓
La Mutuelle Hollandaise				✓
Antwerpia III				✓
Volksfürsorge	(✓)			✓
Instituto Nazionale delle Assicurazioni (French portfolio)		✓	✓	
Assurances Générales de Trieste et Venise ¹ (French branch)	✓	✓	✓	✓

¹ *Known previously during the relevant period as Assicurazioni Generali and Assurances Générales de Trieste.*

La Constantia

2.7 The work carried out by the independent historian indicated that *la Constantia* was a Belgian life insurance company which transferred its portfolio to *la Populaire* on 31 December 1919. This was confirmed by our review of the Ministry of Labour report of 1937. Since this transfer took place prior to the commencement of the relevant period, this company was correctly excluded from the list of predecessor companies provided to the ICHEIC.

La Dordrecht, la Pietas, and la Première Néerlandaise / Nederlanden²

2.8 The research undertaken by the independent historian indicates that all of the above companies transferred their portfolios of life insurance policies to *l'Utrecht* which in turn transferred its portfolio to *la Populaire* on 31 December 1920. With the exception of the transfer of the portfolio of *la Première Néerlandaise* which took place prior to 1914, we have been unable to determine the exact dates of the transfers of the portfolios of the remaining companies to *l'Utrecht* either by reference to external information sources or to the documentation identified in the Generali France archives. In order to be prudent we recommended, and Generali France agreed, that these companies should be included on the list of predecessor companies provided to the ICHEIC.

La Mutuelle Hollandaise

2.9 The research undertaken by the independent historian indicates that *la Mutuelle Hollandaise* withdrew its application for a permission to carry out life insurance activity in France. Nevertheless, in a book entitled "*L'Assurance Populaire en France*", which we identified in the course of our work, the portfolio of *la Mutuelle Hollandaise* is described as being transferred to *l'Utrecht*. In order to be prudent we recommended, and Generali France agreed, that this company should be included on the list of predecessor companies provided to the ICHEIC.

² *La Nederlanden* ceased trading in 1909 and transferred its portfolio to *la Première Néerlandaise*.

Antwerpia III

- 2.10 The report of the Mattéoli Commission confirms that *Antwerpia III* was a Belgian life insurer which obtained a licence to operate in France in 1921 which was subsequently revoked in 1994. During the period it was trading in 1945, *Antwerpia III* had some 0.4% of the life insurance market in France. Generali France acquired the residual portfolio of *Antwerpia III* as part of the acquisition of *Algemene Levensherzekering Maatsschappij NV* in January 2000.
- 2.11 An annex to the acquisition agreement contains a listing of the 18,368 policies (both policies in force and policies which had been converted to paid up policies) comprising the residual *Antwerpia III* portfolio, although information relating to the date the policy was subscribed is rarely available. In order to determine whether any of the policies were taken out during the relevant period, we therefore based our review on the policy numbers, having noted the number of the last policy issued in December 1945.
- 2.12 We identified only one policy in the course of our review which appeared to have been issued prior to December 1945 based on the policy number. On this basis we recommended, and Generali France agreed, that *Antwerpia III* should be included on the list of predecessor companies provided to the ICHEIC although the life insurance portfolio of this company was acquired after 31 December 1999.

Volksfürsorge

- 2.13 In the course of the systematic archive searches undertaken for the purpose of Audit Standard Three, we identified policies issued by the *Volksfürsorge*, a German life insurer, during the relevant period. These policy documents were located in the archives within other documentation relating to policies issued by *la Populaire*.
- 2.14 Our initial review of these policies suggested that they had been originally issued by *la Populaire* and were then transferred to the *Volksfürsorge* following the occupation. The *Volksfürsorge* then issued a replacement policy in its own name. After 1945, the

policy was returned to *la Populaire* which then reactivated the original policy. All of the policies reviewed were taken out by individuals located in eastern France.

- 2.15 Additional research undertaken by the independent historian confirmed that legislation was passed in the Rhine and Mosel regions in eastern France in 1940 removing the right of French insurers to operate in these regions and obliging them to transfer their portfolios to German insurers. This legislation was reversed in 1946 when all policies were returned to the French insurer with which the original policy had been taken out. For those policies taken out directly with a German insurer in the Rhine and Mosel regions after June 1940, the French State undertook to honour the policy which would either be surrendered, transferred to a French insurer operating in the relevant regions or cancelled if the subscriber did not elect for the policy to be surrendered or transferred.
- 2.16 It is apparent therefore that a definitive transfer of the portfolio of *la Populaire* to the *Volksfürsorge* did not take place. However, it is possible that a claimant may have a policy issued by the *Volksfürsorge* after June 1940 in the Rhine and Mosel regions but is unable to trace it back to a policy originally issued by *la Populaire*. On this basis we recommended, and Generali France agreed, that the *Volksfürsorge* should be included on the list of relevant predecessor companies provided to the ICHEIC.

Assurances Générales de Trieste et Venise and Istituto Nazionale delle Assicurazione

- 2.17 The report of the Mattéoli Commission confirms that the French portfolio of the Italian insurer *Istituto Nazionale delle Assicurazioni* (“INA”) was transferred to *Assurances Générales de Trieste et Venise* (“AGTV”) on 20 March 1941. AGTV was the French branch operation of *Assicurazioni Generali* in Italy until 1972 when it sold its portfolio to *la Foncière Populaire*, a company which was renamed in 1948 and which subsequently became known as Generali France.
- 2.18 We identified certain AGTV policies issued during the relevant period in the Generali France archives, but we noted that, with the exception of 28 policies, these had also been identified during the archive searches undertaken in Italy and had been included

in the *Assicurazioni Generali* database established for the purpose of Audit Standard Four.

- 2.19 Although AGTV was not an independent legal entity in France during the relevant period but only a branch, we recommended, and Generali France agreed, that AGTV / *Assurances Générales de Trieste / Assicurazioni Generali* and INA should be included on the list of predecessor companies provided to the ICHEIC by Generali France.

Portfolio Transfers

- 2.20 Our review of the report issued by the Ministry of Labour in 1937 and the Directory of Insurance Companies of 1940/41 did not identify any additional portfolios acquired by the 16 Generali France predecessor companies.

Review of foreign activity

- 2.21 In order to corroborate the results of the work undertaken by the independent historian, we reviewed the information contained in the *Assekuranz* yearbooks (known as the *Assekuranz Jahrbuch* or *Assekuranz Kompass*) for the years 1920, 1925, 1927-30, 1932-34, 1940 and 1944-45. The *Assekuranz* yearbooks analyse insurance activity by geographical area and are available in the library of the University of Cologne.
- 2.22 Our review confirmed the findings of the independent historian. *La France Vie* had operations in the Netherlands and in Belgium. None of the other Generali France predecessor companies was present in any of the countries identified by the ICHEIC with the exception of France.
- 2.23 The research undertaken by the independent historian also showed that *la Populaire* carried out some life insurance in the Sarre region during the period from 1920 to 1935. Although only a small number of policies were issued (some 200 in 1923) and *la Populaire* was not officially authorised to carry out life insurance in this region, we recommended, and Generali France agreed, that any Unnamed Claims which related to policies issued in the Sarre region should be sent to Generali France for

investigation and research in accordance with the procedures established for the purpose of Audit Standard Five.

Conclusion

2.24 Based on the results of the work performed as summarised above, nothing has come to our attention which causes us to believe that Generali France has not complied, in all material respects, with the requirements of Audit Standard One.

III Audit Standard Two

3.1 Audit Standard Two requires the identification of “Relevant Archive Sites”. For this purpose, Relevant Archive Sites are defined as “*Those insurer Archive Sites that may potentially contain Relevant Records*”. In light of the complexity and geographical spread of the Company’s operations in France, Generali France and PwC sought to adopt a pragmatic, risk based approach by focussing on those locations more likely to contain Relevant Records as a result of a number of factors including, for example:

- (a) The archiving practices of Generali France. Documentation relating to life insurance activity was periodically transferred from the operating locations to dedicated central archives;
- (b) The nature of the operations carried out at the premises and the legal entity to which the premises belonged. Premises used for carrying out non-life insurance, for example, were considered unlikely to contain documentation relating to life insurance policies; and
- (c) The location and history of the premises.

The work undertaken by Generali France

The dedicated central archives

- 3.2 Generali France initially identified the three dedicated central archive sites located at Charenton, Coignières and Thourotte as being likely to contain documentation of relevance to the investigation.
- 3.3 Charenton contains some 14 kilometres of archived documents primarily related to life insurance activity. Historically, Charenton was the archive site for *la France Vie* and now also contains archived material from *GPA Vie* which was transferred there in 2000.
- 3.4 Coignières is the location of an external document storage company which provides archiving services to Generali France. The facility contains in excess of two

kilometres of archived documentation from a number of companies within the Generali France group and more than 34,000 containers.

- 3.5 Thourotte contains primarily archived documentation relating to the non-life companies within the Generali France Group. As at the date of this report, the site contains some 24 kilometres of archived material.

Circularisation of operational sites

- 3.6 The Company sought to ensure that all premises where life insurance was carried out had been identified by reference to the main sub groups of companies within the Group carrying out life insurance: *Generali Assurances Vie*, *GPA Vie*, *la Fédération Continentale / la France Vie / Proxima* and *Prudence Vie*. 138 sites were identified based on the following information:

- (a) A listing of operational sites for *GPA Vie* maintained by the property department for that sub group; and
- (b) A listing of premises for the relevant sub groups used by the Generali France internal audit department.

- 3.7 111 of the 138 sites were circularised in order to establish whether these premises might contain documentation of relevance to the investigation. The sites excluded from the circularisation process had either already been visited by PwC or personnel from *GPA Vie*, or interviews had been conducted by PwC with the relevant staff at the location by telephone.

- 3.8 The results of the circularisation indicated that none of the operational premises circularised contained Relevant Records.

Cellars in residential locations

- 3.9 In the course of work conducted by PwC in respect of Audit Standard Three, it became apparent that cellars in residential buildings owned by Generali France could have been used by AGTV to store potentially relevant documents.

3.10 Generali France therefore decided to interview the caretakers of the residential buildings owned by *Generali Assurances Vie* and *Generali France Holding*, the two group companies with historic links to AGTV, in order to determine:

- (a) Whether the caretakers were able to gain access to the cellars; and
- (b) Whether the cellars contained documents which were of potential relevance to the investigation.

3.11 In total, 14 caretakers were identified by means of the returns submitted by the Company to the income tax authorities and interviewed by telephone. No further cellar locations were identified as containing Relevant Records.

The work undertaken by PwC

Full inclusion of operational sites

3.12 In order to test the completeness of the Company's findings, we performed certain analytical procedures to ensure that all of the premises where life insurance activity was carried out had been considered in the search. In particular, we reconciled the listing of 138 properties which formed the basis of the circularisation carried out by Generali France with the premises identified in the "*taxe professionnelle*" returns submitted by *GPA Vie*, *Generali Assurances Vie*, *la France Vie* and *la Fédération Continentale* to the French tax authorities. We were able to obtain satisfactory explanations for all of the differences identified. These related to instances where offices included in the tax returns had been closed or disposed of.

3.13 We were informed that the information provided by the internal audit department used for the purpose of the circularisation of the operating sites did not cover all of the premises located in Paris which were due to be vacated following the centralisation of the Company's Parisian activities at Saint-Denis in December 2003. In order to ensure that all Parisian locations had been included in the search, we therefore compared the sites in Paris contained in a listing prepared in August 1999 by *GIE Generali Services*, the Generali France premises management company, with the premises listing used as the basis for the circularisation.

3.14 We identified eight additional locations and we discussed with Generali France management the nature of the activities carried out at these sites. These locations related either to non-life insurance, IT operations and training, or alternatively the premises were no longer owned by Generali France. One location was selected for further detailed review in the context of Audit Standard Three based on the fact that it was the former head office of *Proxima*, a life insurance company.

Review of the results of the circularisation of operating sites

3.15 In order to satisfy ourselves that the results of the circularisation could be relied upon, we selected a judgemental sample of sites to visit and carry out physical inspections based on the size of the premises concerned and the nature of the responses received to the circularisation. For example, we selected locations where the response expressed uncertainty or ambiguity. We visited sites in Paris, Lyon, Strasbourg, Toulouse, Nancy, Bordeaux and Amiens, covering the three life insurance sub groups.

Full inclusion of residential caretakers in the cellar review

3.16 In order to confirm that the interviews with the caretakers of residential buildings undertaken by the Company included all of the relevant employees, we compared the list of caretakers interviewed with the tax returns submitted by *Generali Assurances Vie* and *Generali France Holding* in respect of their employees. We did not identify any individuals shown as working as caretakers on the tax returns who had not been contacted by the Company as part of the interview process.

Review and testing of interview responses

3.17 In total, we visited eight cellars in residential buildings in order to confirm the results of the interviews carried out with the caretakers. The sites were selected based on nature of the responses received – for example, where a caretaker expressed uncertainty as to the contents of the cellar – and where the caretaker confirmed that keys were available and access to the cellar was possible.

Summary of premises reviewed

3.18 The table below summarises the premises reviewed by life insurance sub group.

	Total Sites	Included in circularisation	Visited by PwC
<i>GPA</i>	81	59	3
<i>FC/France Vie</i>	42	42	8
<i>Generali Assurances Vie</i>	14	10	4
<i>Prudence Vie</i>	1	0	1
Total operating Sites	138	111	16
Cellars	15	14	8

Agents' premises

3.19 The Company has informed us that the premises occupied by independent insurance sales agents throughout France are not owned or leased by Generali France but are the responsibility of the agents themselves. As such, in accordance with the definition of an Archive Site contained in Audit Standard Two, these premises were not considered to be “insurer locations” and have not been included in the scope of the Company’s investigations.

3.20 In the course of their research concerning independent sales agents, the Mattéoli Commission contacted the presidents of the principal agent-broker trade unions in France in order to determine the extent of any relevant information from the period under review that may remain in the possession of their members. The English translation of the Mattéoli Commission report of November 1999 states the following:

“The results of efforts on the part of these organisations to obtain information from their members were presented to the Committee. Both organisations had begun by contacting the firms or agents that existed in 1940 and are still in existence. As a result, they reported that virtually no documents had been archived by intermediaries, who have no legal obligation to do so”.

3.21 We did not carry out any searches for records of potential relevance to the investigation at agent premises.

Reinsurance company premises

3.22 It is possible that the Company's reinsurers may have archives containing policyholder information of relevance to the investigation. Reinsurer locations, however, are third party sites and, as such, do not fall within the scope of Audit Standard Two, which only requires the identification of archive sites at premises owned or leased by Generali France. Our testing did not cover premises belonging to the Company's reinsurers.

Potentially Relevant Archive Sites

3.23 We summarise below the potentially Relevant Archive Sites identified as a result of the work carried out in respect of Audit Standard Two. These locations were visited in the course of our work undertaken for Audit Standard Three and detailed inspections and systematic searches were carried out.

Central Archive Sites

- ✓ Charenton
- ✓ Thourotte

Third Party Archive Site

- ✓ Recall (Coignières)

Life insurance company head offices

- ✓ La Fédération Continental/France Vie: 7/9/11, boulevard Haussmann
- ✓ GPA Vie: 18, place des 5 Martyrs du Lycée Buffon
- ✓ Generali Assurances Vie: 70/72/74/76/107, rue Saint-Lazare and 3/5, rue de Londres
- ✓ Prudence Vie: Villepinte

Other Life Insurance Operating sites

- ✓ *Generali Assurances Vie*
 - Délégation Régionale de Lyon
 - Délégation Régionale de Strasbourg
- ✓ *Fédération Continentale ("FC") / La France Vie ("FV")*
 - 128, boulevard Haussmann
 - Délégation Régionale de la FC de Toulouse and FV office
 - Délégation Régionale de la FC de Lyon and FV office
 - FV office at Nancy
 - FV office at Bordeaux

- ✓ *GPA Vie*
 - Délégation Régionale d'Amiens
 - Toulouse divisional office

Cellars

- ✓ 6, rue d'Antin
- ✓ 25, rue du Renard
- ✓ 33, boulevard Malesherbes
- ✓ 134, boulevard Haussmann
- ✓ 42, rue Poussin
- ✓ 60, avenue Henri Martin
- ✓ 77, rue de la Pompe
- ✓ 201, boulevard du Général Leclerc Neuilly

Conclusion

3.24 Based on the results of the work performed as summarised above, nothing has come to our attention which causes us to believe that Generali France has not complied, in all material respects, with the requirements of Audit Standard Two.

IV Audit Standard Three

- 4.1 In summary, this Audit Standard required the identification, organisation and securing of records of potential relevance to the investigation.
- 4.2 All of the 27 locations selected in Audit Standard Two were visited by PwC and a preliminary inspection of the premises was carried out. Where appropriate, overviews of the contents of the archive were prepared during our initial visits. Systematic searches were subsequently carried out. In many cases, these searches were performed over a number of days. While we sought to employ a standard methodology at each location, the specific features of each individual site required a flexible approach tailored to the particular circumstances we encountered and based on our perception of the risks involved.
- 4.3 In general terms, our work consisted of testing the Company's assertion that all Relevant Records at each location had been identified and extracted. This involved systematic searches of the records located in the areas of the archive considered the most likely to contain information of relevance to the investigation based on the results of the preliminary overview, as well as those areas containing non-relevant information such as non-life policies, for example. In total, some 7,600 documents or containers were extracted from the archives and tested in the course of our review.
- 4.4 A significant number of records were identified of relevance to the investigation. In addition to policy documents, production registers, policy discharge forms which indicated the payment of the policy, policy termination forms, manual record cards relating to group policies and contract details contained in electronic databases were identified.
- 4.5 Much of our work compiling inventories of archive contents was carried out in late 2001 for the most important sites. Since then, certain movements of archived records have taken place, both in the context of Generali France's day to day operations and particularly in relation to the centralisation of the Company's Parisian operations at

Saint-Denis in December 2003. Where appropriate, we revisited sites in early 2004 in order to review the inventories to confirm that all relevant records had been identified and extracted.

4.6 The locations visited in the course of our work on Audit Standard Three may be divided into three categories:

- (a) The dedicated central archive sites;
- (b) The head office locations of the Generali France life insurance sub groups (including cellars in residential buildings); and
- (c) The premises of the regional operations of Generali France.

4.7 For certain records, such as information contained in document storage boxes and production registers, a common approach was adopted across different locations. The methodology employed for these types of records is discussed separately below.

The dedicated central archive sites

Charenton

4.8 Some 3,000 physical policy documents were identified at Charenton issued by *la France Vie* and *la Populaire* during the relevant period. In addition, information in respect of a further 10,000 policies issued by *la France Vie* during the relevant period was located in three production registers. A further 400 legal and accounting registers of potential relevance to the investigation were also identified.

Thourotte

4.9 The Thourotte archive site contains documentation relating to non-life insurance activities. Our systematic searches identified certain corporate registers from non-life companies of limited relevance in the context of the investigation.

Recall / Coignières

4.10 The Coignières site is owned and operated by Recall, a third party document storage contractor.

Work carried out by Generali France

4.11 Generali France was already aware that the Coignières site held 216 containers of documents relating to *la Populaire* and *l'Hafnia* prior to commencing the detailed search. Of these, 102 containers held production registers containing details of the policies issued by *la Populaire*; 82 contained some 400,000 other documents relating to policies issued by *la Populaire* such as policy discharge forms, termination forms and certain life insurance policies, for example; and the remaining 32 containers held some 9,000 policies or policy proposals relating to *l'Hafnia* and *la Populaire*, all of which were extracted for input to the Standard Four database.

4.12 Having decided to enter all of the information in the 58 production registers relating to policies issued by *la Populaire* during the period under review, the Company subsequently carried out testing in order to determine whether there was any additional information in the second batch of 82 containers containing approximately 400,000 documents which would assist with the investigation of claims and which was not already available in the production registers selected for entry to the database. The Company identified that the category of documents which was most likely to contain relevant information which was not already included in the production registers, was the policy termination forms and policy discharge forms. As a result of this review however, Generali France did not identify any additional relevant information. In particular, neither the discharge forms nor the termination forms contained any information regarding dates of birth.

4.13 Generali France extracted the physical policy documents contained in the second and third batches of containers in order to enter these in the database created for the purpose of Audit Standard Four.

4.14 Work undertaken by PwC

4.15 Our work at this location comprised the following:

- (a) Testing in order to validate the approach adopted by Generali France; and
- (b) Following the completion of the work carried out by Generali France, statistical sampling of the entire area at the Coignières site occupied by the Company in order to ensure that, within the confidence levels of the statistical sampling exercise, all documentation of relevance to the investigation had been identified.

4.16 In order to confirm the reasonableness of the approach adopted by Generali France to the information stored in the 82 containers in respect of *la Populaire*, we tested an additional 1,109 policy discharge forms and termination forms in order to establish whether this category of documents contained any additional information which would assist with the investigation of claims and which was not already available in the production registers selected for entry to the database. The results of our testing indicated that the approach adopted by Generali France to the containers with *la Populaire* documentation was a reasonable one.

4.17 Our testing of the remaining documentation at the Coignières site following the completion of the work carried out by Generali France was based on an analysis of the billing codes used by Recall, the storage contractor. This indicated that, with the exception of the *GPA Vie* sub group, the only other Generali France life insurance company which could have sent potentially relevant documents to Coignières for storage was *Generali Assurances Vie*.

4.18 Archived records are stored at Coignières either directly on shelves or in sealed containers. Our testing of the records stored on shelves was based on an electronic inventory file provided by Recall which contained some 1.3 million entries relating to individual and group policies and related documentation. Using the information

contained in the inventory, we extracted and examined some 600 documents which appeared to be of potential relevance to the investigation. We then carried out statistical sample testing in order to satisfy ourselves that all relevant records stored on the shelves in the archive had been identified.

4.19 Our review based on the contents of the inventory file identified an additional 35 policies issued by AGTV during the relevant period. The results of our statistical sampling of the records stored on shelves confirmed that, within a 95% confidence level, all records of potential relevance had been identified. The exception noted in our sample of some 450 documents was within the tolerable error rate of 1%.

4.20 We adopted a similar approach for the records stored in containers:

(a) a detailed review was performed of the contents of 75 containers containing potentially sensitive documents based on the information available in the inventory provided by Recall; and

(b) a statistical sample test of the remaining containers was carried out in order to confirm that all relevant records stored in containers had been identified. In total, 300 additional containers out of a total of 34,350 stored at the Coignières site were tested.

4.21 We did not identify any additional documentation of relevance to the investigation.

Insurance sub group head office locations

La Fédération Continentale

4.22 While *la Fédération Continentale* itself was established only at the beginning of the 1960s, this organisation was responsible for the management and administration of the policies issued by the former *la France Vie*. *La France Vie* merged with *la Fédération Continentale* in 2000. Our systematic searches of the head office premises of *la Fédération Continentale* identified the following records of potential relevance to the investigation:

- (a) An Access database containing details of some 190,000 policies issued by *la France Vie* of which some 17,000 related to the relevant period;
- (b) An Excel spreadsheet containing details of a further 1,100 policies issued during the relevant period;
- (c) Approximately 1,050 manual record cards containing the names and dates of birth of employees of companies which subscribed to a group policy issued by *la France Vie* during the relevant period; and
- (d) 7 individual policies issued by *la France Vie* during the period under review and one group policy.

GPA

- 4.23 As a result of our systematic searches of the head office of GPA, we identified 13 files containing discharge forms in respect of policies issued during the period 1920 to 1945.

Generali Assurances Vie

- 4.24 We identified a number of corporate registers containing Board Minutes and notes of management meetings at this location which were passed to the independent historian to assist with his work in respect of Audit Standard One.

Prudence Vie

- 4.25 We did not identify any records of potential relevance to the investigation at the head office of *Prudence Vie*.

The cellars of residential buildings owned by Generali Assurances Vie (“GAV”)

- 4.26 Of the eight cellar locations identified as a result of our work for the purpose of Audit Standard Two, only two contained archived records – 134, Boulevard Haussmann and 201, Boulevard du Général Leclerc in Neuilly sur Seine.

- 4.27 Approximately 10,000 AGTV policy files were identified at the 134, boulevard Haussmann location after a search of 440 containers. All relevant policies were inventoried and checked to ensure that they were included in the database developed by Generali Italy. Some 28 policies were identified which had been issued by AGTV in France and were not included in the Generali Italy database. These contracts were input to the Generali France database prepared for the purpose of Audit Standard Four.
- 4.28 Given the availability of policyholder documentation relating to AGTV in Italy, Generali France considers it appropriate, and Assicurazioni Generali S.p.A. agrees, that any incoming claims in respect of policies issues by AGTV should also be investigated and researched by Assicurazioni Generali S.p.A. in Italy.
- 4.29 800 microfiches relating to the *Grande Branche* GAV (AGTV) portfolio were identified at the Neuilly location. Following a detailed review of the microfiches, three policies were identified which contained relevant identity information.

Regional operations

- 4.30 Our visits to the premises of the regional operations selected in Audit Standard Two were undertaken in order to test the results of the circularisation, which indicated that no relevant records were present at these locations.
- 4.31 Our systematic searches of these locations identified only one policy issued during the relevant period which was framed and hanging on a wall at the GPA Toulouse offices and certain non-life corporate registers at the offices of GAV in Lyon.

Corporate Registers

- 4.32 In the course of the systematic searches of Relevant Archive Sites, a significant number of corporate registers were identified from the period under review, primarily at the Charenton, Coignières and life insurance sub group head office locations.

- 4.33 Generali France decided to create a database of these registers, capturing the company name, the activity of the company concerned, the type of register, the time period covered by the register and any other criteria which would assist in determining the nature of the information contained in the registers. The purpose of this exercise was to determine whether, and how, the information contained in the registers could be used to assist with the investigation and research of incoming claims for the purpose of Audit Standards Four and Five.
- 4.34 A preliminary database containing details of 756 corporate registers was created, of which 424 related to life insurance companies. The contents of the significant majority of the registers were of a legal or administrative nature, containing information such as Board Minutes³ and notes of management meetings. Our review of the contents of the various types of registers indicated that only the registers which contained production details of life insurance policies were of relevance for the purpose of investigating incoming claims.
- 4.35 Accordingly, a detailed inventory of the 84⁴ life policy production registers contained in the preliminary database was created containing the name of the company, the period covered by the register, the policy numbers contained in the register together with additional information such as the presence of the name or date of birth of the policyholder or beneficiary and the type of policy. In total, the life policy production registers contain details of some 1.3 million policies issued during the period from 1893 to 1947 by *la Populaire*, *la France Vie* and *la Populaire* historical entities in the Netherlands.

Document Storage Boxes

- 4.36 In the course of our systematic searches of the Relevant Archive Sites, we identified a significant number of document storage boxes containing a variety of different

³ *These registers were analysed by the independent historian in order to develop the genealogy chart.*

⁴ *61 of these production registers related to policies issued during the relevant period: 58 registers from la Populaire (cf. § 4.12) and a further 3 registers which related to la France Vie (cf. § 4.8)*

records, both at the central archive locations and at certain operational sites. Generali France informed us that, based on the Company's historic archiving practices, it was extremely unlikely that policies issued during the period 1920 to 1945 would be contained in document storage boxes.

4.37 In order to test this assertion, we adopted a statistical sampling approach based on a 95% confidence level and a tolerable error rate of 1%. Our testing covered the document storage boxes located at the Charenton and Thourotte archive sites i.e. 82,350 boxes in total. We did not include the boxes identified at the operational sites in the scope of our testing on the grounds that these were more likely to contain recent records, while documentation relating to the period 1920-1945 would have been transferred to the dedicated central archives in accordance with the Company's archiving practices. In addition, the document storage boxes concerned were relatively few in number and had already been included in the testing performed as part of the systematic searches carried out at the operating locations.

4.38 Based on the parameters set, the sample size tested was 300 boxes. The contents of each box were examined. We did not identify any records of potential relevance to the investigation as a result of our statistical sample testing of the document storage boxes.

Secure document storage area

4.39 In accordance with the requirements of Audit Standard Three, Generali France has established a secure, segregated storage area for records of potential relevance to the investigation. This is located within the Charenton archive facility. The document storage area benefits from the security and fire protection arrangements for the Charenton facility as a whole as well as a number of specific measures which have been taken for the purpose of this investigation.

General security measures

4.40 The Charenton archive is protected against fire and theft. The area contains some 115 smoke detectors together with an alarm system and fire extinguishers throughout the site. All access points are protected by an electronic alarm system and access to the site outside working hours is by electronic code only. The entry to the facility is protected by closed circuit television.

Specific measures

4.41 For the purpose of the investigation, Generali France has constructed a dedicated area on the first floor of the archive facility protected by a metal fire door, the sole point of entry. The area contains two fire extinguishers, five smoke alarms and is protected by its own fire alarm. There is a notice on the door confirming that entry is for authorised personnel only. The only key holders are the Generali France project representatives and the members of the archive management team.

Conclusion

4.42 Based on the results of the work performed as summarised above, nothing has come to our attention which causes us to believe that Generali France has not complied, in all material respects, with the requirements of Audit Standard Three.

V Audit Standard Four

- 5.1 In summary, this Audit Standard required the compilation of either electronic or manual databases of certain policyholder information contained in the policy records located as a result of the archive searches. The information specified included the first, last and, where applicable, the maiden names of the policyholder, together with the place and date of birth of the policyholder.
- 5.2 Generali France compiled an electronic database running on an AS 400 system. As such, the database benefits from the security and back up procedures related to this system. The database contains the following information:

Source	Database line entries
Policies (<i>La Populaire/Hafnia/France Vie</i>)	37,530
Production registers (<i>La Populaire</i>)	1,058,222
Production registers (<i>France Vie</i>)	13,675
Access database (<i>France Vie</i>)	24,090
Excel spreadsheet (<i>France Vie</i>)	1,219
Retirement records (<i>France Vie</i>)	1,090
Other sources	475
Total	1,136,301 ⁵

- 5.3 In addition to the inputting of records identified for the purpose of Audit Standard Three, Generali France interrogated its existing computerised portfolio management systems in order to identify any additional relevant policy records. As a result, a further 249 policies were transferred to the electronic database.
- 5.4 Moreover, following a request made during the debrief meeting in Vienna, Generali France agreed to input about 1900 last names found in Board Minutes of La France Vie, although first names and dates of birth were missing.

⁵ Excluding the additional 2000 last names entered after the debrief meeting.

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- 5.5 The database input work was carried out by two specialist external service providers engaged by Generali France, with different procedures adopted for the input of policy records and registers. Policy records were captured in the database using a double input process over a period of some six months. Although not required by Audit Standard Four, beneficiary details were input where this information was available in the policy records.
- 5.6 All relevant registers were electronically scanned and the results of this process formed the basis of the input to the database. The service provider dealing with the production registers was contractually bound to reperform the register input work if the level of errors identified as a result of statistical sample testing exceeded 3% for Last Names and 0.5% for other data fields – primarily first name and date of birth. The register input work was carried out over a period of approximately one year.

Testing carried out by PwC

- 5.7 Our testing of the electronic database was designed to assess whether all of the policies from the period under review identified in the course of the systematic archive searches and subsequently centralised had been appropriately captured. In addition, we tested the accuracy of the information input to the electronic database by reference to the underlying policy documentation. Our testing in this area was primarily focused on the policyholder data fields specified in Audit Standard Four.

Policy records

- 5.8 In total, we tested the accuracy of input of some 5,200 data fields from 650 policies, selected by applying a consistent interval to the policies in the electronic files containing the results of the input process provided to us by the third party contractor.

5.9 The results of our testing for the “policyholder” and the “insured” data fields are summarised in the table below.

	Exceptions noted	Fields tested	Exceptions (%)
Policy number	2	650	0.3%
Name/Married name	8	746	1.1%
Maiden name	6	94	6.4%
First name	3	746	0.4%
Date of birth	6	719	0.8%
Place of birth	8	639	1.3%
Total	33	3,594	0.9%

5.10 The results of our testing of the “beneficiary” data fields are summarised in the table below.

	Exceptions noted	Fields tested	Exceptions (%)
Name/Married name	15	562	2.7%
Maiden name	8	215	3.7%
First name	8	561	1.4%
Date of birth	9	247	3.6%
Total	40	1,585	2.5%

5.11 Based on the results of our testing of the information, we were able to conclude with a 95% confidence level, that the information contained in the electronic database had been correctly extracted from the underlying records. The exceptions noted were within the tolerable error rate of 3% for the statistical sampling exercise. The results of the testing of the maiden name field should be considered in the context of the fact that claims invariably include the married name when a maiden name is also specified.

5.12 Our testing of the full inclusion of the policy records in the electronic database was based on the unique sequential numbers stamped on the physical documents by Generali France. Our testing did not identify any significant exceptions.

Production registers

5.13 Our testing of the production registers covered some 100,000 data fields relating to 36,000 policies (including those registers which needed to be examined more than once). Prior to commencing our detailed testing, we undertook certain consistency and logic checks in order to ensure that the scanned images of the underlying registers used as the basis for the input exercise were complete and legible. In particular, we undertook the following:

- (a) Identified policy entries with missing data fields where information was either illegible in the register or was simply not available. We attempted to complete the entries based on supplemental data located during the systematic archive searches;
- (b) Identified any Maiden names erroneously included in the same field as the Last Name and moved these to the correct data field in order to avoid duplication; and
- (c) Reviewed the list of first names captured in order to identify any inconsistencies such as the inversion of the Last Name and First Name, for example, or “double barrelled” Last Names where the second element of the Last Name had actually been input as the First Name.

5.14 In the course of our statistical sample testing we noted that, in a number of cases, it was not possible to determine whether an input error had been made because the handwriting in the underlying production register was not legible. In these instances, we carried out a second “blind” input exercise in order to establish whether the result confirmed that an error had been made.

5.15 The results of our testing of the production registers are summarised in the table below.

Exceptions noted	Name	First Name	Date of Birth
La Populaire	445	98	120
France Vie	12	8	10
Total	457	106	130
PwC Tests (number)	26,575	26,374	26,339
Error percentage	1.7%	0.4%	0.5%

5.16 Based on the results of our testing, we were able to conclude, with a confidence level of 95%, that the Last Name, First Name and date of birth information had been accurately input from the underlying policy production registers. The exceptions noted were within the tolerable error rate for the total population of 3%.

5.17 In order to test full inclusion of the relevant information contained in the production registers identified in the course of the systematic archive searches, we compared the number of database policy entries with the expected number of policies based on the numerical sequences of policies contained in the underlying production registers, where applicable. We did not identify any exceptions which were not subsequently corrected as a result of our work.

5.18 Following the upload of the information tested by PwC to the AS 400 system, we confirmed that the number of line entries on the spreadsheets prepared by both external service providers were consistent with the number of line entries in the definitive policies database.

Conclusion

5.19 Based on the results of the work performed as summarised above, nothing has come to our attention which causes us to believe that Generali France has not complied, in all material respects, with the requirements of Audit Standard Four.

VI Audit Standard Five

6.1 This Audit Standard required the Company to develop reasonable and expeditious systems for the research and investigation of incoming claims.

Background

6.2 Completed claim forms are received by the ICHEIC and entered into an electronic database. Claims are analysed between those which provide the name of a specific insurer or insurers (“Named Claims”) and those which do not (“Unnamed Claims”). Named Claims are sent direct to the relevant insurer while Unnamed Claims are distributed to the insurers which are signatories to the Memorandum of Understanding on the basis of a country matrix. All claims were originally provided to the insurers by the ICHEIC in paper form. Since mid 2001, Unnamed Claims have been submitted to the insurers in electronic form.

6.3 Prior to October 2001, all claims concerning the Generali Group were sent to Generali Italy by the ICHEIC and subsequently redistributed to the relevant territory by Generali Italy. Following the creation of the Generali Trust Fund (“GTF”) in 2001, all claims are now sent directly to that entity and redistributed where appropriate⁶.

6.4 GTF is an independent organisation located in Jerusalem, created to handle all of the claims received by Generali S.p.A. following an agreement between *Assicurazioni Generali* and the ICHEIC in November 2000.

6.5 Notwithstanding this agreement, Generali France was unable to transfer its database created for the purpose of Audit Standard Four (“the Policies Database”) to GTF as a result of French data protection laws. The Company therefore remains responsible for all aspects of claims investigation with the exception of the appeals process and the payment of claims, which are dealt with by GTF.

⁶ *Since 30 November 2004, the GTF is no longer handling claims for the Generali Group and the original distribution system via Generali Italy has been reactivated.*

- 6.6 This allocation of responsibilities appears to have been accepted by GTF. Based on the amended flow charts sent by Generali France to GTF on July 16, 2004, GTF replied on September 13, 2004: *“As far as we are concerned, we are ready to begin.”*

The Claims Database

- 6.7 Generali France has developed an electronic database to record details of incoming claims (“the Claims Database”). Information received from the ICHEIC and the GTF concerning Unnamed Claims is transferred electronically to the Claims Database while details of Named Claims are input manually. The Claims Database provides the information required to carry out automatic matching routines with the Policies Database in order to research and investigate claims. In addition, the Claims Database enables the status of the investigation of a claim to be monitored and assessed and provides the necessary diary information to ensure that claims are processed within the time limits established by the ICHEIC.

Matching Routines

- 6.8 The automatic matching routines between the Policies Database and the Claims Database developed by Generali France are based on the Last Name, First name, Maiden Name and Date of Birth fields for the Claimant, the Policyholder, the Insured and the Beneficiary.
- 6.9 Although not required by Audit Standard Five, Generali France decided to enter the details of the Claimant into the Claims Database. Generali France noted that, in those instances where the Claimant was also the beneficiary of the policy, the relevant information concerning the Claimant was not always reproduced in that part of the claim form reserved for details of the beneficiary.
- 6.10 The matching routines are based on two sets of search criteria: First Name and Date of Birth, and Last Name only. For each set of search criteria, the matching routines are carried out on a series of successive data variations in order to maximise the chances of obtaining a match between the two databases and attempt to ensure that a failure to obtain a match is not the result of an input error. For the First Name and Date of Birth set, matching routines are carried out on 17 different data variations (with the First

Name remaining constant throughout) and progressive changes made to the Last Name and Date of Birth fields as shown in the table below.

1	First Name + Last Name with first letter omitted + DD/MM/YYYY
2	First Name + 2 nd , 3 rd , 4 th letter of Last Name + DD/MM/YYYY
3	First Name + 2 nd , 3 rd , 4 th , 5 th letter of Last Name + DD/MM/YYYY
4	First Name + number of letters in Last Name + DD/MM/YYYY
5	First Name + MM/YYYY
6	First Name + 2 nd , 3 rd , 4 th letter of Last Name + MM/YYYY
7	First Name + 2 nd , 3 rd , 4 th , 5 th letter of Last Name + MM/YYYY
8	First Name + number of letters in Last Name + MM/YYYY
9	First Name + YYYY
10	First Name + 2 nd , 3 rd , 4 th letter of Last Name + YYYY
11	First Name + 2 nd , 3 rd , 4 th , 5 th letter of Last Name + YYYY
12	First Name + no. of letters in Last Name + YYYY
13	First Name
14	First Name + Last Name with first letter omitted
15	First Name + Last Name with first letter omitted YYYY +/- 5 years
16	First Name + Last Name with first letter omitted YYYY - 5 years
17	First Name + Last Name with first letter omitted YYYY +/- 5 years

6.11 For the Last Name set, matching routines are carried out on 9 different data variations as shown in the table below.

1	Last Name with first letter omitted
2	Last Name with first letter omitted + YYYY
3	Last Name with first letter omitted + YYYY + 1 st letter of First Name
4	2 nd , 3 rd , 4 th letters of Last Name + number of letters in Last Name
5	2 nd , 3 rd , 4 th letters of Last Name + number of letters in Last Name + YYYY
6	2 nd , 3 rd , 4 th letters of Last Name + number of letters in Last Name + YYYY + 1 st letter of First Name
7	2 nd , 3 rd , 4 th letters of Last Name + (number of letters in Last Name - 1)
8	2 nd , 3 rd , 4 th letters of Last Name + (number of letters in Last Name - 1) + YYYY
9	2 nd , 3 rd , 4 th letters of Last Name + (number of letters in Last Name - 1) + YYYY + 1 st letter of First Name

- 6.12 In light of the difficulties encountered in deciphering the capital letters in the names contained in the production registers, Generali France decided to exclude the first letter of the last name from the matching routines.
- 6.13 The data variations enable more effective research of a limited number of letters within the Last Name and investigation of those instances where a Date of Birth is incomplete or potentially incorrect.
- 6.14 In addition, in order to reflect the most common errors identified in the course of the testing of the Policies Database undertaken for the purpose of Audit Standard Four, Generali France has implemented a number of additional matching routines based on the substitution of certain letters in the Last Name by others. For example, the letter "A" is substituted by the letter "E", "O" and "U". The 9 Last Name matching routines are then carried out for each letter substitution.
- 6.15 In addition to the automatic matching routines described above, the Claims investigator is also able to interrogate the Policies Database directly using a search engine developed by Generali France named "Impromptu". Further investigation may be required, for example, on the rare occasions when the claim form received from the ICHEIC contains supplementary information such as a policy number, which is not covered in the standard matching routines.

Claims investigation procedures

- 6.16 Generali France has developed two flow charts and an accompanying narrative which summarise the procedure for the investigation of Named and Unnamed Claims from receipt by Generali France to the notification of the final outcome of the investigation process to either the ICHEIC or the Claimant. This procedure is based on the directives issued by the ICHEIC from time to time and contained primarily in the Holocaust Era Insurance Claims Processing Guide issued by the ICHEIC. In particular, the following documentation has been developed as part of the Claims investigation procedure:

- (a) A standardised worksheet to be completed when investigating policy documents identified as a result of the matching routines;
- (b) A calculation worksheet which applies the valuation rules determined by the ICHEIC in calculating the amount payable in respect of a policy; and
- (c) A standard claim file which contains all of the documentation relevant to the investigation and research of the claim together with an audit trail which enables the investigation work to be reperformed.

Work undertaken by PwC

6.17 Our work was designed to test the Company's assertion that reasonable and expeditious systems had been developed for the research and investigation of incoming claims. We carried out the following specific procedures:

- (a) Review of the flow charts and accompanying narrative developed by Generali France in order to ensure that the claims investigation procedure was adequately documented, standardised and complied with the guidelines established by the ICHEIC concerning the time limits for investigating a claim, the calculation of amounts payable in respect of a policy and the nature and frequency of the communication between the Generali France and the ICHEIC or the Claimant;
- (b) Review of the structure of the Claims Database in order to ensure that it contained all relevant information for the investigation of a claim and accurately reflected the status of the investigation of a claim at any stage;
- (c) Full inclusion testing to ensure that all claims received are input to the Claims Database. Our testing did not identify any exceptions;
- (d) Testing of the automatic matching routines carried out between the Claims Database and the Policies Database in order to confirm the effectiveness of these procedures. This testing involved the matching of certain incorrect identity information which had been highlighted at the time of our testing

carried out for the purpose of Audit Standard Four and subsequently amended in the Policies Database. The results of this testing identified certain exceptions. These were addressed by the Company by the inclusion of an additional work step in the claims investigation procedure involving the manual interrogation of the database by means of a search engine ; and

- (e) Walkthrough testing of the claims investigation procedure in order to ensure that this was consistent with the procedure documented in the flow charts and accompanying narrative.

Conclusion

6.18 Based on the results of the work performed as summarised above nothing has come to our attention which causes us to believe that Generali France has not complied, in all material respects, with the requirements of Audit Standard Five.

VII Other Matters

Complete and unfettered access

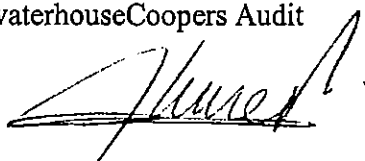
- 7.1 The Guiding Principles of 29 June 2000 issued by the ICHEIC which govern the Extended Peer Review process require the external auditor to issue a statement confirming that the principle of “*complete and unfettered access to any and all of company’s relevant books, records and file archives*” established in the Memorandum of Understanding, has been complied with.
- 7.2 The management of Generali France has represented to us that they are not aware of any books, records or file archives that may be of relevance or potential relevance to the investigation that have not been made fully available to us in the course of our work. We confirm that we have been given unfettered access to Company locations in the course of our work.

The Management Report of Generali France

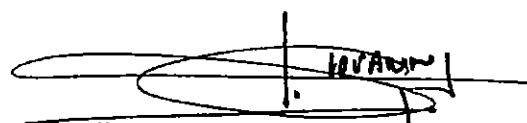
- 7.3 The procedures adopted, and the work performed by Generali France in order to comply with the Audit Standards, are described in the Management Report of Generali France.
- 7.4 We have read the Management Report of Generali France. Based on our reading of this report and our work performed as summarised above, nothing has come to our attention that causes us to believe that the Management Report does not fairly describe the procedures adopted by Generali France to comply with the five ICHEIC Audit Standards. Our conclusions with respect to the Company’s compliance with the individual Audit Standards are set out in this report.

Paris, 12 October 2005

PricewaterhouseCoopers Audit



Catherine Thuret



Jean-Louis Di Giovanni

Section 2

Generali France - Peer Review Report

Management Report



HOLOCAUST PROJECT

MANAGEMENT REPORT



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1. INTRODUCTION

This management report summarises the work performed by Generali France in its systematic and comprehensive three year investigation undertaken in order to establish the status of unpaid life insurance policies issued to victims of the Holocaust during the period between 1920 and 1945.

1.1 Background

The Generali Group is one of a number of insurers which signed up on a voluntary basis to a Memorandum of Understanding ("MOU") in August 1998, together with certain European and United States insurance regulatory authorities, the State of Israel and Jewish and Holocaust survivor organisations. The MOU established the Independent Commission on Holocaust Era Insurance Claims ("the ICHEIC") which came into being in October 1998.

The ICHEIC issued an Audit Mandate in March 1999, together with five related Audit Standards. The Audit Standards are designed to cover all aspects of the investigation, from the identification of predecessor companies that may have issued policies during the period under review, to the establishment of procedures for researching and investigating incoming claims. This Management Report summarises the measures taken by Generali France and the considerable work performed in response to the requirements of each of the five Audit Standards.

1.2 The resources mobilised by Generali France

Generali France commenced its investigation in September 2001. Since that date, a significant number of employees have been engaged in this project, comprising information technology and database experts, archivists and administrative assistants. In addition to its own internal resources, Generali France has employed the following specialist external resources:

- (a) An independent economic historian to prepare a corporate genealogy in order to assist with the identification of relevant predecessor companies which issued life insurance policies during the period under review; and



- (b) Two specialist data management companies to assist with the extraction and input of relevant data from the documents identified in the course of the archive searches (in many cases in scarcely legible manuscript form) to the electronic database developed by the Company. The data management companies used some 65 employees in the course of this assignment.

The project was spearheaded by a dedicated central team comprising a Director and a specialist in project management. This team reported directly to Hervé de Saint Germain, the General Secretary of Generali France and Jean-Yves Hermenier, the Chief Executive of the GPA life insurance subsidiary, the entity which was the most involved in the investigation.

1.3 The role of PricewaterhouseCoopers

Following the signature of the MOU, Generali France appointed PricewaterhouseCoopers ("PwC") as independent auditors in October 2001 to carry out the following principal activities:

- (a) Challenge the rigour and completeness of the approach adopted by Generali France;
- (b) Test the quality of the work performed by both Generali France and the external service providers engaged by the Company;
- (c) Identify additional avenues of investigation that could be pursued;
- (d) Document each phase of the investigation; and
- (e) Report independently to the ICHEIC on the compliance of Generali France with the five Audit Standards issued by the ICHEIC.

PwC assigned a team of experienced forensic accountants to the project under the direct supervision of two Partners. As at the date of this report, the PwC team has spent in excess of six thousand man hours working on this assignment.

We summarise below the work performed in respect of each of the five Audit Standards by Generali France.



2. AUDIT STANDARD ONE

In summary, this Audit Standard required the identification of all Generali France predecessor companies, including subsidiaries and branches, that issued life insurance policies in the period from 1920 to 1945 inclusive in the following countries: Austria, Belgium, the Czech Republic, Germany, France, Hungary, Italy, Luxembourg, the Netherlands, Poland, Slovakia and Rumania.

We used both internal and external sources of information to compile the following list of 16 predecessor life insurance companies which has been delivered to the ICHEIC for the purpose of facilitating the proper disposition of Holocaust insurance claims. The portfolios of these predecessor companies have been absorbed into the three main life insurance sub groups of Generali France today: Generali Assurances Vie, GPA Vie and la Fédération Continentale.

Current sub group	Predecessor Company
Generali Assurances Vie	Assicurazioni Generali (French branch)
	Assurances Générales de Trieste (French branch)
	Assurances Générales de Trieste et Venise (French branch)
	Instituto Nazionale delle Assicurazioni (French portfolio)
	La Sauvegarde de la Mutualité
	La Sauvegarde Vie (as renamed)
	La Quotidienne (as renamed)
GPA Vie	La Populaire
	L'Hafnia les Danoises Réunies (French portfolio)
	L'Utrecht (French portfolio)
	La Dordrecht (French portfolio)
	La Pietas (French portfolio)
	La Mutuelle Hollandaise (French portfolio)
	Antwerpia III (French portfolio - one contract)
	La Volksfursorge (for the period between 1940 – 45 in the Rhine and Mosel regions only)
La Fédération Continentale	La France Vie

The compilation of this list has been a complex, time consuming and painstaking process. This is attributable not only to the length of time which has elapsed since the tragic events of the Holocaust era, but also to the number of Generali France predecessor companies established and operating prior to the Second World War. Generali France in its current form



has developed from some 20 different legal entities, certain of which originated more than 120 years ago.

Our starting point for this work was the list of Generali Group subsidiaries in France at 31 December 1999. The three main life insurance sub groups which are most relevant for this investigation are: la France Vie¹, Generali Assurances Vie and GPA Vie. The three remaining Generali France life insurance sub groups did not exist during the period 1920 to 1945. La Fédération Continentale was formed in 1960, Prudence Vie in 1981 and Proxima was formed in 1987. Nevertheless, all of these companies were included in the scope of our investigation in order to confirm that these companies were not relevant.

2.1 The appointment of an independent historian

Recognising that this exercise required the skills of a specialist, Generali France engaged an independent economic historian with suitable qualifications and experience to construct a corporate genealogy chart for the Company's life insurance activity in France since it commenced operations. We provided the independent historian with the considerable internal information obtained as a result of our systematic and comprehensive archive searches carried out for the purpose of Audit Standard Three, including inter alia:

- Registers of minutes of executive and supervisory Board meetings;
- Registers of minutes of Ordinary and Extraordinary General Meetings;
- Correspondence with shareholders and supervisory bodies;
- Company Memoranda and Articles obtained either from the in house legal department or the archives; and
- Annual Reports from the relevant period.

In total, the internal material identified as a result of our systematic archive searches and provided to the independent historian amounted to some 300 registers containing at least 60,000 pages of documentation of potential relevance to the investigation.

¹ La France Vie merged with la Fédération Continentale in 2000.



In addition, the independent historian made use of information obtained from external sources such as specialist libraries (the library of the Fédération Française des Sociétés d'Assurance ("FFSA"), for example) and municipal archives.

In the course of his analysis, the independent historian also paid particular attention to all transfers, acquisitions and disposals of life insurance policy portfolios in order to ensure that, where appropriate, these transactions were taken into account in the identification of relevant predecessor companies. This was a key component in establishing the list of relevant companies.

2.2 The PwC comparative analysis

In their role as independent auditors, PwC undertook a rigorous comparative analysis of the results of the work of the economic historian with the outcome of two independent external investigations carried out in France by the Mattéoli Commission and the FFSA, and with the references to predecessor companies contained in the documents located during the archive searches.

The Mattéoli Commission, an ad hoc investigatory commission established by the French Government in 1997 to investigate the circumstances of the despoliation of Jews in France, published a report in June 1999 dealing with the genealogy of life insurance companies operating in France in 1937. The FFSA also carried out a research project investigating the current status of those life insurers which were active in France in 1944. This resulted in the publication in July 1999 of a summary of all life insurance companies operating in the French market in 1944 and the insurance group to which they now belonged.

As a result of the comparative analysis undertaken by PwC, the list of relevant predecessor companies was extended to the 16 companies which have been notified to the ICHEIC.



3. AUDIT STANDARD TWO

Audit Standard Two required the identification of "Relevant Archive Sites". For this purpose, Relevant Archive Sites are defined as "Those insurer Archive Sites that may potentially contain Relevant Records". Given the complexity and geographical spread of Generali France's operations in France², we decided to adopt a pragmatic, risk based approach by focussing on those locations which we considered more likely to contain Relevant Records as a result of a number of factors including, for example:

- (a) The Company's archiving procedures and routines. Documentation relating to life insurance activity has been periodically transferred from the operating locations to dedicated central archives;
- (b) The nature of the operations carried out at the premises and the legal entity to which the premises belonged. We considered that premises used for carrying out non-life insurance, for example, were unlikely to contain documentation relating to life insurance policies; and
- (c) The location and history of the premises.

3.1 The dedicated central archives

We currently use three dedicated central archive sites to which documentation which is no longer required is periodically transferred. These are located at Charenton, Coignières and Thourotte.

Charenton is located approximately five kilometres from Paris and contains some 14 kilometres of archived documents primarily related to life insurance activity. Historically, Charenton was the archive site for la France Vie and now also contains archived material from GPA Vie which was transferred there in 2000 following the closure of the Company's storage site at Epernon.

Coignières is the location of an external third party document storage company which we use to provide archiving services. The facility is run by the Recall company and contains in excess of two kilometres of archived documents from a number of companies within the Generali France group and more than 34,000 containers.

² *At the time this work was carried out, Generali France maintained some 140 different life insurance operating facilities in France, not only in Paris but also spread throughout the regions.*



The Thourotte site is located near Compiègne, some 60 kilometres from Paris, and contains primarily archived documentation relating to the non-life operations of the Generali France Group. As at the date of this report, the site contains in excess of 24 kilometres of archived material.

As far as we are aware, there are only two cases where archived material could have been damaged or destroyed. In 1992, flooding occurred at premises at 76, rue Saint-Lazare in Paris, which were used to store documentation relating to the current as well as the historic life insurance operations of Generali Assurances Vie. We estimate that some 25% to 30% of the documents stored at these premises were destroyed. In 1997, the archives were transferred from 76, rue Saint-Lazare to the Recall facility at Coignières.

In 1997, archived material from Generali Assurances Vie at a Recall site in Le Havre was badly damaged by a fire which destroyed Crédit Lyonnais records stored at the same site and located immediately next door.

3.2 Operating sites

We attempted to ensure that all premises where life insurance was carried out had been identified by reference to the main sub groups of companies within the Group carrying out life insurance: Generali Assurances Vie, GPA Vie, la Fédération Continentale/La France Vie/Proxima and Prudence Vie. We were able to identify 138 sites throughout France which carried out life insurance based on the following information:

- (a) A listing of the operational sites for *GPA Vie* maintained by the property department for that sub group; and
- (b) A listing of the premises for the relevant life insurance sub groups maintained by the Generali France internal audit department.

The head office premises for the life insurance sub groups are set out below.

Life Insurance sub group	Premises
GPA Vie	18, place des 5 Martyrs du Lycée Buffon
La Fédération Continentale/La France Vie	7/9/11, boulevard Haussmann
Generali Assurances Vie	70/72/74/76/107 rue Saint-Lazare, 3/5 rue de Londres
Prudence Vie	Villepinte



We visited all of the above locations since we considered that these premises were likely to contain records of potential relevance to the investigation. We inspected all rooms where life insurance activity was carried out including all underground storage rooms in order to determine the type of documents stored at these premises. We noted that the archive sites at these premises contained primarily documentation relating to current life insurance operations.

We carried out a circularisation of 111 of the 138 operating sites in order to establish whether they might contain documentation of potential relevance to the investigation. None of the responses received indicated that these locations contained relevant information.

The sites excluded from the circularisation process had been visited at the outset either by PwC or ourselves, or alternatively interviews were conducted by PwC with the relevant staff at the location by telephone. We and/or PwC visited Generali Assurances Vie operating locations at Lyon and Strasbourg, Fédération Continentale locations at Lyon and Toulouse, France Vie operating locations at Lyon, Nancy, Bordeaux and Toulouse and GPA Vie locations at Amiens, Toulouse, Dijon, Montpellier, Lyon, Marseille and Nantes.

3.3 Cellar locations in residential buildings

In the course of the work performed by PwC in respect of Audit Standard Three, it became apparent that certain companies which belonged to the Assurances Générales de Trieste et Venise ("AGTV") sub group (which subsequently became Generali France and Generali Assurances Vie) had used cellars located in residential buildings held as investment properties to store documentation relating to life insurance operations which was no longer current.

In order to ensure that all potential cellar storage locations were identified, we therefore decided to interview the caretakers of the residential buildings owned by Generali Assurances Vie and Generali France Holding, the two group companies with historic links to AGTV in order to determine:

- (a) Whether the caretakers were able to gain access to the cellars; and
- (b) Whether the cellars contained documents which were of potential relevance to the investigation.

Using the returns submitted by the Company to the income tax authorities which specified employees by job type, we identified 14 caretakers in total and interviewed them by telephone. We did not identify any further cellar locations which were likely to contain Relevant Records.



3.4 Agent's premises

Premises occupied by independent insurance agents throughout France are not owned by Generali France but are the responsibility of the agents themselves. As such, in accordance with the definition of an Archive Site contained in Audit Standard Two, we did not consider these locations to be insurer locations and we did not include them in the scope of our investigations. We note that the results of the work undertaken by the Mattéoli Commission also confirmed that virtually no documents had been archived by intermediaries, who had no legal obligation to do so.

3.5 Reinsurance company premises

Reinsurer locations are third party sites which we do not own or lease. As such, these locations fall outside the scope of Audit Standard Two and were not included in our investigation.

4. AUDIT STANDARD THREE

In summary, this Audit Standard required the identification, organisation and securing of records of potential relevance to the investigation.

In general terms, our searches of the archive locations identified for the purpose of Audit Standard Two located two types of relevant record:

- (a) Legal, administrative and corporate records such as registers of Board Minutes, for example, or notes of management meetings. This information was collated and provided to the independent historian to assist with the construction of the corporate genealogy chart for the Company's life insurance activity in France since it commenced operations. It was also used by PwC in order to provide a further cross check of the completeness of the list of predecessor companies identified for the purpose of Audit Standard Two; and
- (b) Information concerning life insurance policies issued by the Group. In addition to policy documents, our searches identified production registers, policy discharge forms which indicated the payment of the policy, policy termination forms, manual record cards relating to group policies and contract details contained in electronic databases. This information was used to populate the database of policyholder information created for the purpose of Audit Standard Four.

We consider below the type and volume of relevant records identified by principal life insurance sub group.

4.1 La France Vie

Records relating to the France Vie sub group were identified at the Charenton central archive site and at the operating head office locations at 7, 9 and 11 boulevard Haussmann in Paris. The following records were identified as a result of our searches of the boulevard Haussmann locations:

- (a) An Access database containing details of some 190,000 policies issued by *la France Vie*, of which some 17,000 related to the relevant period;
- (b) An Excel spreadsheet containing details of a further 1,100 policies issued during the relevant period;



- (c) Some 1,050 cardboard files which included the name, first name and dates of birth of employees of companies which subscribed to a group policy issued by *la France Vie* during the relevant period; and
- (d) 7 individual policies issued by *la France Vie* during the period under review and one group policy.

Information in respect of a further 10,000 life policies issued by *la France Vie* was identified in three production registers located at the Charenton site where we also identified some 1,650 relevant contracts.

The relatively limited number of potentially relevant records identified in respect of *la France Vie* is primarily attributable to a change in the company's document retention procedures in 1988. At this date, the then Finance Director decided to enforce the prevailing legislation which permitted the routine destruction of documents after a period of 10 years. However, in April 1998, at the request of Generali Assicurazioni S.p.A., we suspended all document destruction activity at the Charenton location – the main archive site for storing life insurance records.

4.2 GPA Vie

Records archived at the GPA Vie head office location related primarily to current life insurance operations.

We were aware, prior to commencing our detailed search of the Coignières central archive facility, that this site held some 216 containers of documents relating to policies issued by *la Populaire* and *l'Hafnia*. Using the inventories provided by the head of archiving at Charenton, we were able to establish that, of these: 102 containers held production registers containing details of the policies issued by *la Populaire*; 82 contained additional documentation relating to *la Populaire* such as policy discharge forms, policy record cards and certain life insurance policies, for example; and the remaining 32 containers held some 9,000 policies or policy proposals relating to *l'Hafnia* and *la Populaire* which we extracted for input to the Standard Four database.

We reviewed the production registers held in the 102 containers and established that some 58 registers located in 17 containers held details of policies issued during the relevant period. This information was extracted and segregated for input to the Standard Four database.



We then tested the contents of the second batch of 82 containers containing approximately 400,000 documents in order to determine whether there was any additional information which would assist us with the investigation of incoming claims and which was not already available in the 58 production registers selected for entry to the Standard Four database.

We did not identify any additional relevant information and, in particular, we noted that neither the policy discharge forms nor the termination forms contained any information regarding the dates of birth of the policyholder. As such, we extracted only the physical policy documents contained in the second batch of containers for input to the Standard Four database. This approach was subsequently validated by PwC following their own independent testing. The relevant documents have been saved and set aside, however, and are consulted as part of the claims research process in the event of a match between the information provided by the Claimant and the information in the Standard Four database.

4.3 Generali Assurances Vie

A number of corporate registers containing Board minutes and notes of management meetings were identified at the head office location and passed to the independent historian to assist with his work in respect of Audit Standard One.

Limited documentation only from the relevant period was identified at the Coignières site and this appears to be a result of the fire and flood damage referred to above. A number of microfiches containing details of policy records were located but these tended to contain details of the policy number, the date of issue and the type of policy only. In the majority of cases, there was no name-related information.

Approximately 10,000 AGTV policy files were identified in the cellars at the 134, boulevard Haussmann location after a search of 440 containers. As a branch operation of an Italian insurer, AGTV was not an independent legal entity in France during the relevant period. Policy documents issued by AGTV in France were routinely copied and sent from France to the Assicurazioni Generali head office in Trieste in order to calculate the reserves for all Assicurazioni Generali branch offices for the purpose of establishing the Company's balance sheet. This practice continued for France until 1994. There are 143 volumes of copy policies issued by AGTV during the period from 1917 to 1946 stored in Trieste. Generally, the copies contain the first page of the policies as well as the pages showing premiums due over the years. In certain cases, an indication of the paid up or surrender values of the policy is also available.



In addition, the Trieste archives contain "Stato Fine" ledgers which consist of annual inventories as at 31 December each year of the Group's life insurance portfolio. These ledgers were produced by the life department at Head Office in Italy for the purpose of reserving calculations.

Given the availability of policyholder documentation relating to AGTV in Italy, we consider it appropriate that any incoming claims in respect of policies issued by AGTV are investigated and researched by Assicurazioni Generali S.p.A. in Italy. Assicurazioni Generali S.p.A. agrees with this approach and has created a specific database for this purpose.

4.4 The creation of a secure document storage area

In accordance with the requirements of Audit Standard Three, we have established a secure, segregated and dedicated storage area for records of potential relevance to the investigation. This is located within the Charenton archive facility. In addition to the security and fire protection measures which apply to the Charenton facility as a whole (including an electronic alarm system), we have put in place a number of specific measures for the purpose of this investigation. In particular, the dedicated area is protected by a metal fire door which is the sole point of entry. The storage facility contains two fire extinguishers, five smoke alarms and is protected by its own fire alarm. There is a notice on the door clearly prohibiting entry to unauthorised personnel. The only key holders are the Generali France project representatives and members of the archive management team.



5. AUDIT STANDARD FOUR

In summary, this Audit Standard required the compilation of either electronic or manual databases of certain policyholder information contained in the relevant records located as a result of the archive searches in order to enable the effective research and investigation of claims received from victims of the Holocaust and their heirs.

5.1 The Policies Database

The electronic database compiled by Generali France ("the Policies Database") contained the following information specified in Audit Standard Four:

- (a) The name, first name and date of birth of each individual shown as a policyholder or insured party;
- (b) The policy number;
- (c) The maiden name, where applicable; and
- (d) The place of birth.

In addition to the information specified in Audit Standard Four, we decided to include all identity information relating to beneficiaries in the Policies Database together with a unique reference indicating the relevant insurance company, the type of document concerned and the numerical order of the policies in order to enable the underlying relevant records to be accessed quickly and efficiently.

Since the claims investigation and research process consists of matching the name information provided by the claimant with the names contained in the electronic database and then accessing and reviewing the underlying relevant records, we did not consider it appropriate to enter any other information relating to the policy into the Policies Database, such as the sum insured for example. In our view, inputting information which did not enable the policy to be identified from the name-related information provided by the claimant merely slowed down the process of preparing the database and investigating and researching incoming claims.

In excess of one million policies were identified following the archive searches carried for the purpose of Audit Standard Three from the following principal sources:



- (a) Production registers. 61 Production registers containing details of more than one million policies comprising almost the entire production of *la Populaire* during the period between 1920 and 1945 (58 registers) and an element of the production of *la France Vie* between 1931 and 1937 (3 registers).
- (b) Policy documents. Some 12,000 policy documents were located as a result of the archive searches (excluding the AGTV policy documents which are the responsibility of *Assicurazioni Generali S.p.A.* in Italy). These policies were issued by *l'Hafnia*, *la Populaire* and *la France Vie*.
- (c) Electronic records. Certain identity information concerning names in respect of some 18,000 policies issued by *la France Vie* during the relevant period was identified and extracted from two spreadsheet files. Previously these files had been compiled from client records which had been maintained by hand.
- (d) Retirement records. Some 1,000 policies issued by *la France Vie* were identified as a result of a review of manual retirement records; and
- (e) Computerised portfolio management systems. 249 policies were transferred to the electronic database as a result of a systematic review of the Company's existing computerised portfolio management systems.
- (f) Board Minutes. Following a request made during the debrief meeting in Vienna, we agreed to input about 2000 last names found in Board Minutes of *La France Vie*, although first names and dates of birth were missing.

5.2 Database input

Only the records in electronic form and the documentation relating to the *France Vie* retirement records were transferred directly by Generali France to the Policies Database. Given the extent of the remaining records identified in the course of the archive searches and the significant differences in the quality and state of preservation of those records, we decided to engage external specialists in data input and analysis in order to ensure that the information was input accurately and completely and the project was completed on time.



5.2.1 Transfer of electronic records to the database

The name-related information in respect of the 18,000 policies contained in Excel spreadsheets and Access databases was reformatted in order to enable the records to be uploaded into the Policies Database. A similar approach was adopted for the policy records identified in the Company's existing computerised portfolio management systems.

5.2.2 France Vie retirement records

All name-related information contained in these manual records was input twice by different operators working independently in order to ensure accuracy and consistency of input. The information was uploaded to the database only when both data sets were identical.

5.2.3 Policy records

The following observations are relevant to the policy records located as a result of the archive searches:

- (a) A significant volume of records was identified;
- (b) Certain documents were typed while others were handwritten. In many cases, the handwriting was difficult to read and decipher; and
- (c) The forms were laid out differently depending on the company issuing the policy. Indeed, even for the same company, the policy records varied depending on the period the policy was issued and the type of policy. In many cases it was necessary to read through several pages in order to identify the relevant names to be input to the Policies Database.

In light of these issues, we decided to use specialist external service providers in order to ensure that the relevant information was correctly extracted from the underlying policy documents. After researching the market and conducting the appropriate interviews (including carrying out a number of checks to test the quality of the company's input work), we hired a company called Back Up Développement ("BUD"). BUD is a well established company with some 30 employees, 60% of whom have been with the company for 15 years or more. BUD's clients include the Paris Préfecture and the SNCF – the French national railway company – for whom BUD inputs all of the details relating to fines issued (which are, of course, written by hand).



BUD was contracted to carry out the following activities:

(a) Prior to removing the records for input at their premises:

- (i) Stamping all records with a unique sequential number;
- (ii) Collating the records in groups of 500 in sequential number order; and
- (iii) Creating a register of the groups of 500 records.

(b) The removal and transfer of the records

- (i) Managing the process of removing the records to BUD premises for input and returning them in order to ensure that, at any time, only those documents required for immediate input to the Policies Database were outside the segregated, secure storage location at Charenton;
- (ii) Maintaining appropriate security arrangements during the physical transfer of the records; and
- (iii) Ensuring that, at each stage, the register of groups of 500 records was appropriately signed and updated to indicate the whereabouts and status of each group of records.

(c) The input process

- (i) Creation of an Excel spreadsheet containing all of the name fields required for Audit Standard Four using a double input process.

The process of inputting the policy documents covered a period of some six months and resulted in the creation of a database containing in excess of 30,000 name fields, of which at least half related to the beneficiaries of the policies. The entire process was project managed by BUD. A project manager was appointed who reported directly to the relevant central team member at Generali France.



5.2.4 Production registers

The following observations are relevant to the production registers identified in the course of our archive searches:

- (a) The volume of information requiring processing was significant. Our preliminary estimates indicated that some 20,000 pages of relevant information required inputting with approximately 50 names per page;
- (b) The registers were difficult to handle given their weight and size and the fact that a number had deteriorated significantly with age;
- (c) A number of the registers had been completed entirely by hand; and
- (d) The registers were in a variety of different forms and the contents laid out differently. In a number of cases, the handwriting was scarcely legible.

Once again, we decided to use a specialist external service provider in light of the considerations set out above to ensure the accuracy and completeness of the input operation in an appropriately secure environment. After researching the market, conducting the appropriate interviews and testing the quality of the input work, we appointed Digitech to carry out this work.

Digitech, a company with approximately 50 employees, has specialised in extracting and creating databases of data from old civil registers for both the French state and other public organisations since 1992. As well as its expertise in deciphering old manuscript, Digitech offered the significant advantage of being able to electronically scan the contents of all the registers on site at the Charenton facility, thereby ensuring that the appropriate security environment was maintained.

Digitech was contracted to carry out the following activities:

- (a) Ensuring that all registers were individually numbered with unique sequential numbers prior to input; and



- (b) The creation of an Excel spreadsheet for each register using the data scanned from the registers and containing all of the name fields specified in Audit Standard Four. Although a single input process was used, independent quality control testing was performed both during and after the input phase based on a statistical sampling approach³. Digitech was contractually obliged to achieve an error rate of less than 3% for the name fields and less than 0.5% for the first name and date of birth fields.

The indexing of the registers took place over a period of one month at the Charenton site. The input process took place over the course of more than one year (October 2002 to December 2003). During this period, the Digitech team comprised between 5 and 50 input clerks depending activity levels, 5 quality control staff and 1 supervisor. Throughout this time the Digitech project manager was in regular contact with our central team to keep us informed of progress and discuss and resolve issues as they arose.

The spreadsheet containing the results of the input exercise comprised some 1.06 million lines covering all of the name fields required by Audit Standard Four.

5.3 The contents of the Policies Database

Generali France decided to create the database on the same AS 400 system used by GPA to maintain its policy portfolio records. As such, the Policies Database benefits from the same back up and security procedures related to this system.

The Policies Database was subjected to rigorous testing by PwC in their capacity as independent auditors in order to ensure that all of the policies from the period under review identified in the course of the archive searches and subsequently centralised had been appropriately captured. In total, PwC's statistical sample testing covered some 5,200 data fields relating to the input of individual policy documents and in excess of 100,000 data fields relating to the input of the production registers. In summary, PwC's quality control testing showed that, with a confidence level of 95%, the error rate in the name fields in the Policies Database was around 2%.

³ *The statistical sampling approach was based on the French AFNOR standards.*



The table below summarises the contents of the database by information source:

Source	Database line entries
Policies (<i>La Populaire/Hafnia/France Vie</i>)	37,530
Production registers (<i>La Populaire</i>)	1,058,222
Production registers (<i>France Vie</i>)	13,675
Access database (<i>France Vie</i>)	24,090
Excel spreadsheet (<i>France Vie</i>)	1,219
Retirement records (<i>France Vie</i>)	1,090
Other sources	475
Total	1,136,301 ⁴

The number of database line entries shown in the table above is generally higher than the number of relevant records identified in the course of the work undertaken for the purpose of Audit Standard Three. This is because several different identities may exist for the same policy (for example, the policyholder, the insured party and the beneficiary), each of which has a separate database line entry.

⁴ Excluding the additional 2000 last names entered after the debrief meeting.



6. AUDIT STANDARD FIVE

This standard required Generali France to develop reasonable and expeditious systems for the research and investigation of incoming claims.

6.1 The Generali Trust Fund

Following an agreement in November 2000 between the ICHEIC and Assicurazioni Generali S.p.A., the Generali Trust Fund ("GTF") was created to research, investigate and, where appropriate, settle incoming claims. The GTF is an independent organisation based in Jerusalem. Following this agreement, Assicurazioni Generali S.p.A. transferred its entire policies database to GTF and now provides technical support to GTF to assist it with its claims processing role.

Notwithstanding this agreement, Generali France was unable to transfer its Policies Database created for the purpose of Audit Standard Four to GTF as a result of French data protection laws. Generali France therefore remains responsible for all aspects of claims investigation with the exception of the appeals process and the payment of claims, which are dealt with by GTF. Once a claim has been researched and deemed payable, the claim research file is transferred to GTF together with any relevant supporting documentation for the purpose of paying the claim.

6.2 The Claims Database

We have created an electronic database to record details of incoming claims. The database has been developed using Access software and, like the Policies Database, the Claims Database is maintained on the GPA AS 400 system in order to benefit from the back up and security procedures related to this system.

The Claims Database contains details of the claim number and all the names mentioned in the claim forms including the names of the claimant and/or their representative. In addition, the database contains details of the relevant institutions involved (currently the ICHEIC and the GTF). It has also been designed to enable the status of the investigation of a claim to be monitored and assessed and provides the necessary diary information to ensure that claims are processed within the time limits established by the ICHEIC.

Information concerning Unnamed Claims is received in electronic form from the ICHEIC / GTF and is transferred electronically to the Claims Database. Details of the Named Claims are input manually. The results of the review and investigation of the underlying policy records



are also input manually using a custom designed input screen. This enables the majority of the steps involved in the processing of the claim and the calculation of the actual value of the claim to be carried out automatically.

The development and use of a Claims Database by Generali France has the following advantages:

- (a) All of the relevant information contained in a claim form is stored in a structured and secure manner;
- (b) The Claims Database enables the electronic matching of the information contained in the claim forms with the name-related information contained in the Policies Database;
- (c) The information in the files provided by the ICHEIC is presented in a form which is easily legible and capable of interrogation and analysis;
- (d) Certain standardised documents such as letters to claimants can be produced automatically; and
- (e) The status of the investigation of a claim can be monitored and assessed. The database provides the necessary diary information to ensure that claims are processed within the time limits prescribed by the ICHEIC.

We have received from the ICHEIC / GTF details of claims concerning France. On September 13, 2004 GTF confirmed us that it was "*ready to begin*" the claims process based on the amended flow charts sent on July 16, 2004.

6.3 Matching Routines

The automatic matching routines between the Policies Database and the Claims Database are based on the Last name, First name (including aliases and pseudonyms where appropriate), Maiden name and Date of Birth fields for the Claimant, the Policyholder, the Insured and the Beneficiary.

Although not required by Audit Standard Five, we decided to enter details of the Claimant into the Claims Database. It is possible that the name of the Claimant may also appear on the policy document as a beneficiary if they were alive during the relevant period. We have not included the place of birth in the matching routines, however, because this is not a key field for



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determining identity. Although we input this information where it was available in the policy records, we noted that places of birth were available for less than 5% of the names contained in the Policies Database.

The matching routines are carried out automatically. Each routine generates a matching report which may be in the following form:

- (a) A negative return if no match was obtained ("nul list");
- (b) A list of the number of matches, with no further information, if the number of matches obtained exceeds 25 ("long list"), (details of the information matched remains in the system); and
- (c) A list of the number of matches together with details of the information matched in the Policies Database if the number of matches obtained is less than 25.

The automatic matching routines carried out on the GPA server ensure that:

- (a) Each match with an individual name in the Claims Database is carried out in a consistent manner regardless of the particular individual responsible for the researching the claim; and
- (b) A clear audit trail is produced and saved on the central server showing the matching routines carried out and the results of those routines. The claim research is therefore capable of being independently verified and reperformed.

The matching routines were designed to ensure that a thorough and exhaustive search was carried out and the underlying policy records were identified and accessed as quickly as possible in the research process.

As such, the Generali France matching routines are based on those search criteria:

- (a) Where there is the highest probability of achieving a match between the Claims Database and the Policies Database;
- (b) Which are the least subject to error or interpretation; and
- (c) Which are the key differentiators in terms of identity.



The first name and the date of birth fields are the two key search criteria which best meet the above requirements. In addition, in order to maximise the chances of obtaining a match between the two databases and ensure that failure to obtain a match was not the result of an input error, Generali France decided to carry out matching routines on a series of successive data variations for these search criteria. Matching routines are carried out on 17 different data variations (with the First name remaining constant throughout) and progressive changes made to the Last name and Date of Birth fields.

The four principal matching routines are summarised below:

- | | |
|---|---|
| 1 | First Name + Last Name with first letter omitted + DD/MM/YYYY |
| 2 | First Name + MM/YYYY |
| 3 | First Name + YYYY |
| 4 | First Name |

Following the problems we encountered with deciphering capital letters when compiling the Policies Database, we decided to remove the first letter of the last name in order to carry out matching routines.

For each of the principal matching routines numbers 1, 2 and 3, the following subsidiary routines are also run as shown below:

- | |
|--|
| First Name + 2 nd , 3 rd , 4 th letter of Last Name + date of birth ⁵ |
| First Name + 2 nd , 3 rd , 4 th , 5 th letter of Last Name + date of birth |
| First Name + number of letters in Last Name + date of birth |

For principal matching routine number 4, there are four subsidiary routines as shown below:

- | |
|---|
| First Name + Last Name with first letter omitted |
| First Name + Last Name with first letter omitted YYYY +/- 5 years |
| First Name + Last Name with first letter omitted YYYY - 5 years |
| First Name + Last Name with first letter omitted YYYY +/- 5 years |

⁵ The format of the date of birth in the subsidiary routines varies in the same way as for the principal routines.



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A second search criterion, the Last Name only, is also used for matching routines. The matching routines for this search criterion were developed in order to ensure that;

- (a) All similarly spelt names were identified, but that the number of matches obtained was sufficiently manageable to enable the results to be properly researched; and
- (b) The most common input errors identified in the course of the testing of the Policies Database were taken into account and, where possible, compensated for. These errors related primarily to the first letter of the Last name, the similarities between certain letters and the omission of letters (such as the letter at the end of the Last name, for example).

Accordingly, the following principal matching routines were developed for the Last name search criterion:

- | |
|--|
| <ol style="list-style-type: none">1 Last Name with first letter omitted2 2nd, 3rd, 4th letters of Last Name + number of letters in Last Name3 2nd, 3rd, 4th letters of Last Name + (number of letters in Last Name -1) |
|--|

In addition, for each of the three principal routines, the following subsidiary matching routines are also performed:

<p>Last Name with first letter omitted + YYYY</p> <p>Last Name with first letter omitted + YYYY + 1st letter of First Name</p> <p>2nd, 3rd, 4th letters of Last Name + number of letters in Last Name + YYYY</p> <p>2nd, 3rd, 4th letters of Last Name + number of letters in Last Name + YYYY + 1st letter of First Name</p> <p>2nd, 3rd, 4th letters of Last Name + (number of letters in Last Name -1) + YYYY</p> <p>2nd, 3rd, 4th letters of Last Name + (number of letters in Last Name -1) + YYYY + 1st letter of First Name</p>

Additional matching routines are also performed to compensate for the impact of certain input errors as a result of letter substitution. The last name matching routines shown above are reperformed for each of the following letter substitutions in the last name:



Input letter	Substituted by
A	E O, U
E	A
I	U
M	N
N	R, M, U
O	A
R	N
S	Z
U	I, N, A
Z	S

In addition to the automatic matching routines described above, the claims investigator is also able to interrogate the Claims Database directly using a search engine called "Impromptu" and employing search criteria of his choice. In this way, it is possible for the investigator to validate or complement the results obtained from the automatic matching routines.

6.4 Claims investigation procedures

In accordance with the requirements of Audit Standard Five, we have produced two detailed flowcharts and an accompanying narrative which summarise the procedure for the investigation of Named and Unnamed Claims, from receipt by Generali France to the notification of the final outcome of the investigation process to either the ICHEIC or the Claimant.

The written procedures are in the form of a detailed manual provided to each investigator. The manual sets out the correspondence required at each stage of the investigation of a claim and standard letters are available on the computer system. The written procedures are based on the pronouncements issued by the ICHEIC from time to time concerning claims research and, in particular, on the "Holocaust Era Insurance Claims Processing Guide" of 22 June 2003. Where necessary, the written procedures refer directly to this document.

7. CONCLUSION

The investigation undertaken by Generali France has been painstaking, rigorous and comprehensive. Our efforts have enabled us to identify in excess of one million policy documents from the period under review, all of which have been entered into an electronic database and are capable of being matched against the information provided to us by claimants. We have developed sophisticated and complex electronic matching routines which enable claims to be researched thoroughly and objectively.

We believe that we have complied with the requirements of the five Audit Standards issued by the ICHEIC. This view has been confirmed by PricewaterhouseCoopers in their role as independent auditors.

This investigation has been a unique and unprecedented endeavour which has required the personal commitment and dedication of large numbers of Generali France staff. While we recognise of course that nothing can right the wrongs suffered by the victims of Nazi persecution and anti-semitism on our own soil, we hope that this considerable investigative effort has contributed to the achievement of the overriding objective of the ICHEIC in establishing "...a just process...that will expeditiously address the issue of unpaid insurance policies of Holocaust victims.

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Hervé de Saint Germain
Conseiller du Président

Le 5 octobre 2005

Generali France - Peer Review Report

Audit Standards

STANDARD ONE

Identify Relevant Companies

“Insurers” will identify all “Relevant Companies” which exist at 31 December 1999.

Definitions

Insurers

Includes all insurers participating in the MoU process (i.e. Allianz, AXA, Generali, Winterthur and Zurich to date.)

Relevant Company

A company that issued life insurance policies during the period 1920 – 1945 inclusive, in a relevant country, including a subsidiary or branch office, where a control-relationship exists today or, in countries where nationalisation occurred, where control existed before nationalisation.

Relevant Country

Nazi Germany and Areas Occupied by Nazi Germany. Specifically, in the context of a reasonable costs and timeframe, these countries are:

Austria, Belgium, Czech Republic, Germany, Greece, France, Hungary, Italy, Luxembourg, The Netherlands, Poland, Slovakia and Romania.

STANDARD TWO

Insurers will identify their Relevant Archive Sites

Insurers will identify their "Relevant Archive Sites"

Definitions

Relevant Archive Sites

Those Insurer "Archive Sites" that might potentially contain "Relevant Records".

Archive Site

Any Insurer location (i.e. owned, leased or managed by third party sub-contractors) containing policyholder documentation of the company.

Relevant Records

Relevant records are:

- available "Policyholder Files" and other available company records to verify coverage for the purposes of the ICHEIC claims handling process; and
- other company data suitable to be used in the "Top Down Analysis".

Policyholder Files

Contracts, name cards, policy numbers, related correspondence, information and data for life insurance policies issued in the period 1920 to 1945, inclusive.

STANDARD THREE

Identify and Secure Relevant Records

For all relevant Archive Sites, prepare an overview which describes their content. Further, identify, organise and secure Relevant Records within these sites.

STANDARD FOUR

Develop Investigations Database

Insurers will identify and make available to the ICHEIC auditors (dependent on local regulations and availability), based on their findings in relevant company archives as defined in Standard 2, and using any other additional information from company records which will materially help their investigation of claims of Holocaust victims, an electronic and/or manual database and/or combination thereof, of the life insurance policies¹ issued to "Holocaust victims" (to the extent possible according to the definition agreed by the ICHEIC) during the period 1920-1945 inclusive. The database will include, at a minimum, where available, the "name" (first and last name and maiden name), policy number and the place and date of birth of the policyholder.

¹ The term "life insurance policies" is used broadly to include all forms of life insurance, such as annuities, endowments, and dowries. The fact that the database(s) described above only consists of life insurance policies does not exclude the consideration of claims on other forms of insurance policies issued to "Holocaust victims". If a company and the ICHEIC auditor disagree with the audit work plan, then the matter will be brought to the attention of the ICHEIC for a final decision.

STANDARD FIVE

Investigate Incoming Claims

Insurers will develop expeditious and reasonable systems and procedures for the investigation of all claims received and will describe their investigation activities by way of a workflow chart. Each claims file will contain a completed audit trail which allows auditors to validate on a sample basis the investigation against the agreed claims handling process in each com