

DAN BURTON, INDIANA,
CHAIRMAN

BENJAMIN A. GILMAN, NEW YORK
CONSTANCE A. MORELLA, MARYLAND
CHRISTOPHER SHAYS, CONNECTICUT
ILEANA ROS-LEHTINEN, FLORIDA
JOHN M. McHUGH, NEW YORK
STEPHEN HORN, CALIFORNIA
JOHN L. MICA, FLORIDA
THOMAS M. DAVIS, VIRGINIA
MARK E. SOUDER, INDIANA
JOE SCARBOROUGH, FLORIDA
STEVEN C. LATOURETTE, OHIO
BOB BARR, GEORGIA
DAN MILLER, FLORIDA
DOUG OSE, CALIFORNIA
RON LEWIS, KENTUCKY
JO ANN DAVIS, VIRGINIA
TODD RUSSELL PLATTS, PENNSYLVANIA
DAVE WELDON, FLORIDA
CHRIS CANNON, UTAH
ADAM H. PUTNAM, FLORIDA
C.L. "BUTCH" OTTER, IDAHO
EDWARD L. SCHROCK, VIRGINIA
JOHN J. DUNCAN, JR., TENNESSEE

ONE HUNDRED SEVENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051
TTY (202) 225-6852

www.house.gov/reform

HENRY A. WAXMAN, CALIFORNIA,
RANKING MINORITY MEMBER

TOM LANTOS, CALIFORNIA
MAJOR R. OWENS, NEW YORK
EDOLPHUS TOWNS, NEW YORK
PAUL E. KANJORSKI, PENNSYLVANIA
PATSY T. MINK, HAWAII
CAROLYN B. MALONEY, NEW YORK
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
ROD R. BLAGOJEVICH, ILLINOIS
DANNY K. DAVIS, ILLINOIS
JOHN F. TIERNEY, MASSACHUSETTS
JIM TURNER, TEXAS
THOMAS H. ALLEN, MAINE
JANICE D. SCHAKOWSKY, ILLINOIS
Wm. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA

BERNARD SANDERS, VERMONT,
INDEPENDENT

January 7, 2002

The Honorable Colin L. Powell
Secretary of State
United States Department of State
2201 C Street, NW
Washington, DC 20520

Dear Secretary Powell:

On November 8, 2001, the Government Reform Committee held a hearing regarding insurance restitution for Holocaust victims and their heirs. At this hearing, a number of parties expressed broad dissatisfaction with the lack of progress in resolving claims through the International Commission for Holocaust-Era Insurance Claims (ICHEIC). Committee Members and witnesses expressed particular frustration with a number of large European insurance companies, which were accused of failing to live up to their commitments to ICHEIC. We are writing to urge the State Department to take additional steps to ensure that European insurance companies honor their insurance restitution commitments.

ICHEIC was created as a result of extensive negotiations between European insurers, organizations of Holocaust survivors and the government of Israel, with the urging of the United States government. Several large European insurance companies became members of ICHEIC, thereby agreeing to publish lists of unpaid Holocaust-era insurance policies, respond to claims applications filed by Holocaust survivors or their families, and submit their claims handling activities to independent audits. In return, these insurance companies were to receive relief from state insurance regulations and lawsuits in the United States related to Holocaust-era insurance claims.

After reviewing the testimony and materials submitted to the Committee, we have come to the conclusion that most of the companies participating in this

process have failed to live up to important commitments. Three significant examples deserve mention here.

Publication of Policyholder Names

The companies that are members of ICHEIC have refused to publish comprehensive lists of the names on policies that were in effect when the Holocaust began. According to an ICHEIC task force, Jews were three times more likely to hold insurance policies than the population as a whole. Yet, at the time of the hearing, the names of barely 9,000 Holocaust-era policyholders had been submitted to ICHEIC for publication, and the companies still negotiating the terms for their participation had published no names at all.

The publication of these names is critical to help survivors and their families identify the company holding their assets. Most survivors alive today were too young when the Holocaust began to recall the name of the insurance company their family used, and supporting documentation was either confiscated by the Nazis or left behind by family members who perished in Nazi ghettos and concentration camps. As a result, more than 80% of the applications filed with ICHEIC cannot name a particular company. As the ICHEIC deadline approaches and survivors die, there is little chance that dormant policies will be matched to their owners unless the companies produce lists of policyholders.

Financial Commitments

When ICHEIC was created in 1998, the participating insurance companies agreed to contribute \$90 million to ICHEIC for, among other things, the payment of its administrative expenses. To date, these companies have contributed only \$30 million. The remaining \$60 million has been withheld. In a November 6, 2001, letter to the Committee, the Chairman of ICHEIC, former Secretary of State Lawrence Eagleburger, stated:

I have been advised that the remaining \$60 million has been withheld as a "form of punishment" for some decisions I have made with which the companies disagree.

At the November 8 hearing, Allianz representative Peter Lefkin was not able to tell the Committee if Allianz would fulfill its financial commitment:

Mr. LaTourette: Mr. Lefkin, to you, is it accurate that Allianz has cut off payment to ICHEIC since August of 2000?

Mr. Lefkin: Allianz has been operating – is actively involved working with Mr. Eagleburger and Mr. Sher on the Financial Oversight Committee. I am not privy to those discussions.

Mr. LaTourette: Are you aware as to whether Allianz has paid any money to the Commission since August of 2000?

Mr. Lefkin: I'm not aware of that. I'll investigate that for you, Congressman.

In fact, Secretary Eagleburger told the Committee that ICHEIC has received no monies to honor the insurance companies' \$90 million commitment since mid-1999.

The insurance companies have failed to live up to their financial commitments in a related area as well. In July 2000, a broader framework was established to resolve all outstanding claims from the Holocaust era relating to German industry – including claims against German insurance companies. Under the German Foundation Initiative, companies that issued policies in Germany, including the five companies currently participating in ICHEIC, agreed to pay the German Foundation 550 million Deutschmarks for both outstanding insurance claims confirmed through the ICHEIC process and humanitarian purposes. These insurance companies have announced their intentions to deduct a sizable amount of their payments to ICHEIC from their contribution to the German Foundation, which would significantly reduce the total amount available for Holocaust survivors. This position, which appears to violate the letter and spirit of the agreement, only compounds the financial problems described above. Taken together, these unilateral decisions by the insurance companies raise serious questions about their commitment to provide ICHEIC with the resources necessary to make the process work.

Chairman's Rulings

Another serious problem brought to light at the November 8 hearing was the matter of compliance with the decisions of Secretary Eagleburger. Secretary Eagleburger testified that throughout this process he has attempted to resolve outstanding issues by reaching consensus among all of the interested parties. When this has failed, he has issued rulings in a number of areas. Unfortunately, the companies have openly criticized a number of the Chairman's decisions and have not committed to abiding by them. According to Secretary Eagleburger's testimony, some of these decisions concern the valuation of Eastern European and German policies and the requirement that companies pay policies of their subsidiaries that were nationalized.

At the November 8 hearing, Mr. Lefkin was not able to commit Allianz to abiding by all of the Chairman's decisions:

Mr. Waxman: [D]oes your company feel that the ICHEIC decisions are binding on you?...

Mr. Lefkin: [E]very decision he [Secretary Eagleburger] has subsequently – that he has made we have complied with and I cannot predict with any degree of accuracy in the future what will transpire....

If these companies are to benefit from United States Government intervention in lawsuits filed against them in U.S. courts, they must live up to their commitments and act in good faith. The United States should insist that each of these companies fulfill their financial commitments and agree in writing to abide by Secretary Eagleburger's decisions. If they are unwilling to take these steps, we request that the State Department take the necessary measures to withdraw the letters of interest filed with the courts and allow Holocaust insurance lawsuits to move forward.

The German Insurance Association

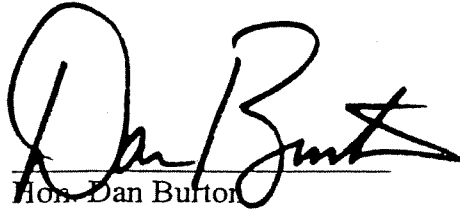
In addition, the German Insurance Association (GDV), which represents numerous smaller insurance companies in Germany, has resisted joining the ICHEIC process. Despite negotiations that have dragged on for more than a year, the GDV has been unwilling or unable to commit to reasonable procedures for publishing lists of policyholders or independent audits of their procedures. If the GDV and ICHEIC do not reach a final agreement, policyholders who were insured by GDV companies will have no chance of receiving restitution. We urge the State Department to work together with the German government to resolve the outstanding issues between the GDV and the Commission.

Until all of these issues are resolved, the Commission's efforts to compensate deserving claimants will be severely hindered. We urge you to emphasize to your counterparts in the German government the importance of resolving these outstanding issues so this process can proceed forward as initially envisioned. Reaching agreement on these issues will help bring a long-awaited measure of justice to Holocaust survivors and their heirs. Resolving these issues will also help strengthen the ties between the people of the United States, Germany and Israel.

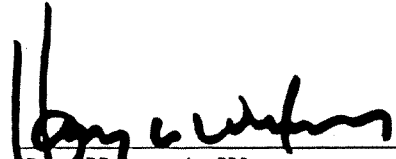
The Honorable Colin L. Powell
January 7, 2002
Page 5 of 5

Thank you very much for your attention to this important matter.

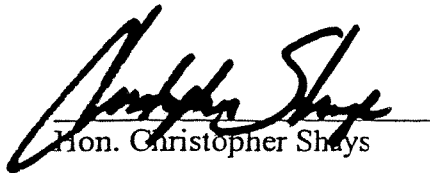
Sincerely,



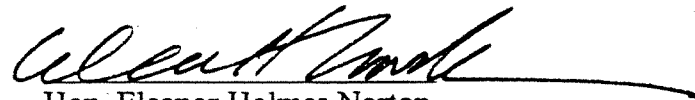
Hon. Dan Burton
Chairman



Hon. Henry A. Waxman
Ranking Minority Member



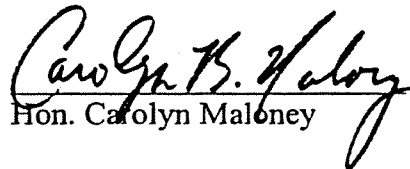
Hon. Christopher Shays



Hon. Eleanor Holmes Norton



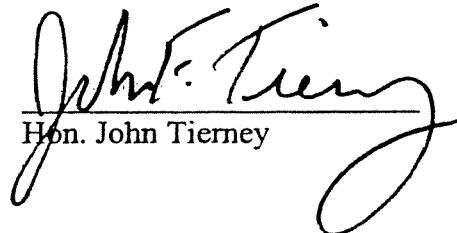
Hon. Constance Morella



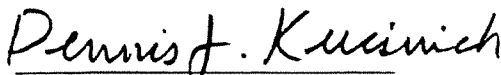
Hon. Carolyn Maloney



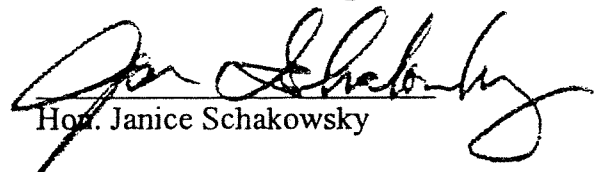
Hon. Wm. Lacy Clay



Hon. John Tierney



Hon. Dennis Kucinich



Hon. Janice Schakowsky

cc: The Honorable John Ashcroft, Attorney General