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Statement of Representative Henry A. Waxman Committee on Government Reform Hearing on Holocaust Insurance Claims Restitution November 8, 2001

Holocaust-era insurance restitution is an emotional and complex subject. I thank Chairman Burton for giving the Committee the opportunity to look at this issue and the work of ICHEIC, the International Commission on Holocaust-Era Insurance Claims.

It was 63 years ago this week, in November 1938, that the Nazi's violent and pervasive persecution of Jews was launched with *Kristallnacht*. For those who do not know, *Kristallnacht* was a massive pogrom organized by the Nazis against Jewish synagogues, schools, and shops. For three days, rampaging mobs freely attacked Jews in the street. It was known as *Kristallnacht*, the night of broken glass, because of the mass destruction left in its wake. By an official Nazi count, during *Kristallnacht*, more than 1,000 synagogues were burned, almost 7,500 Jewish businesses were destroyed, and numerous others were vandalized. In addition, thousands of Jews were rounded up and sent off to concentration camps.

The repudiation of valid insurance claims started with *Kristallnacht*. In the days following *Kristallnacht*, the Gestapo issued an order requiring Jews to be billed for the damage and that any insurance money due to them would be confiscated by the state.

The *Kristallnacht* order largely concerned property insurance. But the failure of survivors to receive compensation also occurred with other popular types of insurance like life, health, education, and dowry insurance.

Jewish families paid premiums for years. Insurance companies prospered from these payments. But when Jews were killed or their property was confiscated or destroyed in the Holocaust, their insurance policies went uncompensated.

The situation is especially poignant today. For decades, families have been seeking compensation for these insurance policies. Now they are reaching the ends of their lives and may never see justice on this matter.

ICHEIC was created in 1998 with the hope that it could help resolve the insurance claims of Holocaust-era survivors and their families who had faced long-term intransigence by companies that held

their policies. But ICHEIC is simply not working well. The system has failed to ensure thorough identification of policyholders . . . a dismally low percentage of the claims filed through ICHEIC have been approved . . . ICHEIC standards have been ignored . . . the majority of German insurance companies have not even agreed to follow the ICHEIC procedures . . . and questions have been raised regarding whether ICHEIC has been responsible with its own expenditures.

The experience of Judith Steiner is representative. She's a Holocaust survivor from Los Angeles who contacted me in despair over the rejection of her ICHEIC claim by RAS, a subsidiary of the big German insurance company Allianz. Mrs. Steiner filed her claim with a copy of the receipt for the last premium payment her grandfather paid before the family was taken from Hungary and sent to concentration camps. The company's insignia was on the receipt. Yet RAS responded that her claim was denied because the existence of the policy could not be corroborated in the company's files.

Some of the concerns that have been raised about the ICHEIC system involve the administrative management of ICHEIC itself. ICHEIC's purpose is to facilitate the compensation of claimants. Yet it has spent on itself twice as much as has been offered to survivors and their families. ICHEIC has spent \$40 million on salaries, conferences, marketing, and administrative expenses. But only \$21.9 million has been offered to survivors. And even less has actually been paid out.

An even bigger problem is the actions of the insurance companies. The ICHEIC process imposes a February 2002 deadline for submitting claims applications. It appears that both member and nonmember companies are engaged in a strategy of dragging their feet until the deadline has expired or potential claimants have died off.

Most of the German companies have refused to join the ICHEIC process. They have spent months offering various proposals that condition the terms under which they would join. For example, media accounts report that such companies are demanding that significant portions of the funds set aside for insurance claim reimbursement be refunded to these companies as a condition of joining.

As a result, families of survivors are caught in a catch-22. They are facing an imminent deadline to file claims. But they cannot file effective claims without information from these companies about the policies they issued.

Most companies that have joined have not vigorously participated. Unfortunately, it appears that, three years after the founding of ICHEIC, an exhaustive policyholder list by member companies has yet to be published. One study by a state insurance commissioner estimated that, of a pool of 3,000,000 Holocaust-era policies issued, member companies had produced only 9,000 names by the end of last year.

Further, since the establishment of ICHEIC, its member companies have approved survivor claims at an alarmingly low rate. This problem persists even where survivors were able to identify the companies that held their families' policies. To date, less than 2% of claims presented to companies have resulted in offers. Thousands of other applications are still in limbo because the survivors who filed them cannot name the company holding their assets.

Allianz has been sent approximately 15,000 claims and has made only 4 offers. Winterthur has been sent approximately 6,500 claims and has made no offers at all.

ICHEIC established relaxed standards for assessing insurance claims to help Holocaust survivors reclaim their policies, and set forth guidelines to help ensure appropriate valuation of policies. Often, however, their claims have been unfairly rejected, undervalued, or issued with confusing explanations. Individuals who have received compensation have often received minimal amounts -- some totaling less than \$2000.

Time is running out for resolving all of these questions and concerns, as the current ICHEIC deadline for accepting claims is February 2002.

I am hopeful that we can accomplish two major goals with this hearing. First, we must assess the concerns raised regarding the ICHEIC system. Second, we must help determine what remedies might be appropriate to improve the ICHEIC system.

At a minimum, one remedy deserves our immediate attention: extending the February 2002 deadline for filing claims. Fundamental reforms to the ICHEIC process would be integral to such a step.

I am looking forward to today's testimony. The U.S. government has played a vital role in pressing for the equity Holocaust survivors and families deserve, and today we will hear from Ambassador Bindenagel.

In addition, I look forward to the testimony of our other distinguished witnesses. I am glad that ICHEIC Chairman Lawrence Eagleburger is with us today to help us look into these matters, and I thank him for making the effort to be here during his recovery from surgery.

I also want to welcome the other organizations participating today which, as members of ICHEIC, have tirelessly advocated for the rights of survivors. The National Association of Insurance Commissioners has tried to make sure that European companies and subsidiaries operating in the United States have dealt with the Holocaust-era insurance issue openly and honestly. The Claims Conference has been pressing this issue for the 50 years of its existence, and Roman Kent, Chairman of the American Gathering of Jewish Holocaust Survivors has been a strong moral voice on this issue.

Finally, I especially want to welcome the Holocaust survivors who have traveled from around the country to share their stories with us. The whole process was set up to help you. Unfortunately, it appears that others are benefitting before you.