

**Sidney Zabludoff**  
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**House Committee on International Relations,**  
**Subcommittee on Europe and Emerging Threats**

Thank you for allowing me to present the facts relating to restitution of Holocaust era assets. My basic conclusion after examining the issue for some 10 years is that extraordinary events require extraordinary resolutions. Clearly, the murder of two-thirds of continental European Jewry and the confiscation of nearly all Jewish assets by the Nazis and their collaborators was such an event. I will look at three aspects of the issue: Progress of overall restitution, ICHEIC's effectiveness and where we can go from here.

Pledges and laws aimed at restoring property seized by the Nazis and their collaborators were made soon after World War II began. Starting with Poland in late 1939, all governments-in-exile from occupied countries nullified the confiscatory actions taken by the Nazi invaders. Throughout the war, the Allies stated in numerous proclamations that a major aim was to ensure the return of property stolen, confiscated or taken under duress. In the post-war era, however, other issues such as the Cold War soon overshadowed and thwarted any such endeavor. By the end of the post-war era only about 15 percent of the value of stolen assets had been returned to their rightful owner or their heirs.

A resurgence of interest in Holocaust restitution occurred in the mid 1990s. Progress was made on a number of fronts but in the end there was more talk and minimal actions. Roughly only an additional 3 percent of stolen assets were returned, bringing the total to less than 20 percent. Altogether, at least some \$120 to \$185 billion in stolen assets at 2007 prices has never been returned.

Of particular interest in the revival of the asset issue was the International Commission of Holocaust-Era Insurance Claims (ICHEIC). Established in 1998, this unique body brought together insurance companies, state regulators and Jewish groups including the State of Israel in an effort to compensate for unpaid Holocaust era insurance claims. The concept was to do so quickly without going through the complexities and duration of legal procedures or government programs. When the claims process was completed this year, however, only about 3 percent of the amount outstanding in life insurance was paid, few, if any, non-life policies were considered; the process took eight years instead of the originally anticipated two; and only a small humanitarian fund was developed even though all parties anticipated that large amounts would never be paid.

The chief reasons for this failure were inept governance and poor management. Governance became akin to secret diplomacy, in which those who ran ICHEIC relied heavily on dealing only with those who favored their views while making promises to others that were never fulfilled or too long delayed. ICHEIC management mainly ignored the numerous studies pinpointing the serious

problem with the claims process. Judge Michael Mukasey succinctly summed up the problem when he described ICHEIC as “in a sense, the company store.”

It is for these reasons, the legislation introduced by Congresswoman Ros-Lehtinen is important. It requires insurers to publicly disclose the names of Holocaust-era policyholders (including non-life) and to be accountable for paying legitimate claims via the courts. It should be noted that for life policies only, insurance companies are benefiting from some \$17 billion in unpaid Holocaust era policies.

Clearly, a missing element remains payments to a humanitarian fund to support needy Holocaust survivors. Those working on ICHEIC and other restitution efforts know at the start that no matter what steps are taken to find claimants, many policies will remain unpaid. This is because whole families were wiped out by the horrific events of the Holocaust, leaving only distant relatives with little knowledge of the policyholders, especially when dealing with events that occurred more than a half century ago. Recognizing this fact, ICHEIC attempted at one time to calculate the overall value of policies—called the “top down approach.” The companies would then pay the difference between this overall estimate and the amounts actually paid claimants to a fund that would support needy survivors and other causes. This approach, however, was forgotten as ICHEIC proceeded, and only relatively small amounts were provided for such a humanitarian fund, mostly under an accord with Germany. Insurance companies failed completely to deal with this issue.

This brings me to my final point—where do we go from here. Besides pressing individual claims, I would suggest an International Remembrance Fund to support needy Holocaust survivors who are in their autumn years. Currently there are approximately 600,000 Holocaust survivors worldwide and actuarial data indicate their number will diminish sharply during the next ten years. A review of the available studies indicates significant differences both in the number of survivors and those lacking adequate income for each country, as well as to what financial support is needed to maintain the survivors’ daily living expenses and health requirements. For example, one study of United States indicates that the income of more than half the survivors falls within the poverty or near poverty bracket; while another undertaken at about the same time indicates about 30 percent. Such differences often reflect definitional issues. It also should be pointed out that the average amount required for a needy survivor will increase because of higher health care expenditures of an aging population. My first very rough approximation is that between \$20 and \$40 billion will be required during the next ten years to sustain needy survivors. But less than \$1 billion is now available from humanitarian funds of ongoing restitution programs.

Clearly, what is urgently required is an in-depth study to determine more precisely the likely financial needs of needy survivors over the next 10-15 years. This would take into consideration funds they are already receiving through

various governments as well as private assistance. Simultaneously, we must reach a global accord to establish an International Remembrance Fund financed by governments as well as corporations to deal with the plight of needy survivors of Nazi persecution. This will require an innovative financial structure. But again extraordinary measures are essential in dealing with an extraordinary circumstance such as the Holocaust.