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Congress of the United States
House of Representatives
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October 22, 2001

Dear Chairman Burton,
dear Representative Waxman:

Thank you for your letter dated October 12, 2001 which reached us only on October 17, 2001. Due to your very short notice, we could not provide you with an earlier answer.

We appreciate the interest, that the Congress of the United States is taking in the subject of the newest German compensation process and we thank you for the opportunity to inform you and your honorable colleagues about the measures taken by the German Insurance Association (GDV) and our member companies to implement the provisions of Article 1 (4) of the US-German Executive Agreement, signed on July 17th, 2000 in Berlin. Article 1 (4) of the Executive Agreement states "that insurance claims that come within the scope of the current claims handling procedures adopted by the International Commission on Holocaust Era Insurance Claims ("ICHEIC") and are made against German insurance companies shall be processed by the companies and the German Insurance Association on the basis of such procedures and on the basis of additional claims handling procedures that may be agreed among the Foundation, ICHEIC, and the German Insurance Association" (emphasis added).

Regarding your question No. 1, we would like to point out that the GDV and its member companies have always supported the compensation for holocaust insurance claims in the past decades. We also support the additional compensation envisaged in the framework of the Foundation "Remembrance, Responsibility and the Future", governed by the Executive Agreement and implemented in Germany by the German Foundation Law. The German insurance industry has contributed over DEM 550 million (currently US-\$ 254,5 million) to the Foundation "Remembrance, Responsibility and the Future" in order to compensate unpaid, confiscated and not

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otherwise compensated insurance policies of Holocaust victims and to cover all costs incurred in this connection. During the multilateral negotiations leading to the Foundation an understanding was reached that there is neither the obligation nor the operational necessity for German companies to join ICHEIC.

Since almost all insurance companies that conduct business in the German market are our member companies (a complete list of our members is available on our website under <http://www.gdv.de/fachservice/index.html>), we have established a mechanism as early as 1997 in order to distribute all incoming inquiries concerning policies of Holocaust victims to our member companies. Ever since the signing of the Executive Agreement, we have repeatedly suggested to include all inquiries directed to ICHEIC in this process. Up until now, ICHEIC did not seize our suggestion and thus harmed in our judgment those who expected and deserved payments.

With regard to your question No. 2 we draw your attention to the extensive restitution and compensation programs for Holocaust victims set up in Germany. These compensation programs, which began as early as 1950 and continue to the present day, also included insurance assets, so that very few policies remain unsettled today. Nevertheless, the current additional compensation process, established by the Executive Agreement and the Foundation Law, provides benefits especially for all those who were not able to participate in the previous restitution process, due to the communist rule over the Eastern hemisphere.

The companies do not have any information, whether a policyholder became a victim of the Holocaust. Based on their own undisclosed inquiries, the ICHEIC has previously estimated that the maximum amount for uncompensated policies of Holocaust victims does not exceed US-\$ 20 million. Therefore, the provided amount of DEM 550 million (US-\$ 254,5 million) seems more than sufficient to cover all compensation payments as well as all costs incurred in this connection.

The subjects you have addressed in question No. 3 are now part of ongoing negotiations between the Foundation and ICHEIC. The GDV has provided the Foundation with its suggestions on how to implement the Executive Agreement and the Foundation Law. While we do not want to interfere with these negotiations, our suggestions can be summarized as follows:

- The GDV will ensure that its member companies, in processing Holocaust Era insurance claims, will apply the "Standards of Proof" (as of July 15, 1999), promulgated by the ICHEIC before the signing of the US-German Executive Agreement on July 17th, 2000.
- The GDV will ensure that its member companies, in processing Holocaust Era insurance claims, will apply the "Valuation Guidelines" (as of April 5, 2000), promulgated by the ICHEIC before the signing of the US-German Executive Agreement on July 17th, 2000.

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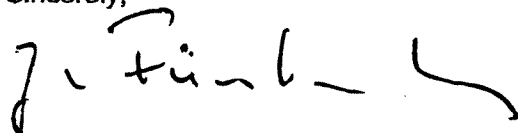
- The GDV has been prepared for a long time to receive inquiries and claim applications from ICHEIC's designee, Eastgate, relating to insurance policies of German companies. If upon investigation by the GDV, there is no indication of any previous compensation proceedings regarding the inquiry, the GDV will forward the application to the relevant insurance company for processing. Otherwise, it will return the application to ICHEIC. If further inquiries with non-German authorities are appropriate, the GDV will so inform ICHEIC.
- The GDV will assume responsibility for coordination of correspondence between German insurance companies and claimants so as to maximize consistency of language as well as fair and equal application of rules in the processing of claims.
- The GDV expects that the BAV (Bundesaufsichtsamt für das Versicherungswesen) in its capacity as supervisory authority ensures companies compliance with accepted claims handling procedures.
- The GDV will provide support for the independent appeals panel to be established according to the Foundation Law.
- The GDV will continue to work closely with both the ICHEIC and the German Foundation to turn into reality the goals of the German Foundation Law and the Executive Agreement and Joint Statement.

We have been repeatedly informed by the Foundation that their negotiations with ICHEIC are making progress and that both sides hope to reach an agreement.

As to your question No. 4 regarding the extension of the application deadline, German insurance companies are eager to start processing the inquiries collected by ICHEIC for the German market. The GDV and its member companies are ready to start this process immediately. We take it for granted that we will adhere in this regard to the established deadline.

We once again appreciate the opportunity to inform you of the newest German compensation process for Holocaust victims and we thank you for your time and consideration, especially during these times when our two allied nations divide their attention to the common threat of international terrorism.

Sincerely,



cc: Auswärtiges Amt, Berlin
Bundesfinanzministerium, Bonn
Stiftung "Erinnerung, Verantwortung und Zukunft", Berlin
Department of State, Washington, D.C.