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By Joseph B. Treaster

Court Favors Families in Suits Over Holocaust-Era Insurance

American relatives of Holocaust victims won an important round last week in their long legal battle to force European insurance companies to pay claims on life insurance policies of people killed by the Nazis and the other Axis powers.

But lawyers for the families and the insurance companies say it will probably be years before the lawsuits, which could be worth hundreds of millions of dollars, are resolved.

In a decision on Wednesday, Judge Michael B. Mukasey of the United States District Court in Manhattan rejected a request by two insurers, Assicurazioni Generali of Italy and the Zurich Life Insurance Company of Switzerland, to dismiss about a dozen lawsuits that were filed more than five years ago. The insurers argued that any life insurance claims should be handled by a commission financed by the insurers or by European courts.

Judge Mukasey said that neither alternative was in the best interest of the families. The ruling opens the way for the lawsuits to go to trial in American courts, but a lawyer for one of the insurers said he planned to throw up more legal obstacles.

Shifting the cases to European courts would be costly for the relatives of the victims, Judge Mukasey said, adding that they would have fewer legal options in Europe. For example, he said, class action suits are not possible in many European legal systems.

Judge Mukasey said the International Commission on Holocaust-Era Insurance Claims, which was formed in Washington and London in 1998 by a half dozen European insurers, could not be relied on to treat the families' claims fairly.

"It is, in a sense, the company store," Judge Mukasey wrote in his 65-page decision. Although the commission has the support of the United States government as well as several Holocaust survivor and Jewish organizations, he said, it "is entirely a creature of the six founding insurance companies that formed the commission, two of which are defendants in this case."