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## **Insurance Claim Debate Heats Up**

Two antagonists in a long-simmering dispute about the handling of life insurance claims stemming from the Holocaust era took off their gloves last week in a bitter exchange of letters.

On one side stands Lawrence S. Eagleburger, chairman of the International Commission on Holocaust Era Insurance Claims (ICHEIC). ICHEIC was established in 1998 in Switzerland with a mission to speed up and settle claims against European insurance companies, at no cost to survivors and families of Holocaust victims.

The commission's board includes representatives of European insurance carriers, the National (U.S.) Association of Insurance Commissioners, major Jewish organizations and the State of Israel.

On the other side is John Garamendi, insurance commissioner of the State of California, as well as an ICHEIC commissioner, who has been a long-standing critic of Eagleburger and last year called for his resignation.

Garamendi opened the volley in a two-page letter to Eagleburger, accusing ICHEIC of sloppy management, dragging its feet in processing claims and favoring European insurers.

At the present pace, and as elderly survivors keep dying, "claims will not be completed until 2011," he wrote and charged that only 5 percent of claims had actually been paid out.

Since ICHEIC's operations are budgeted only until the end of this year, Garamendi said that he feared that "claimants will be deserted."

He also accused ICHEIC of ignoring its own commissioners "who dare to suggest improvement, make constructive criticism, ask incisive questions or call for better management."

Eagleburger, a former U.S. Secretary of State, struck back with a seven-page rebuttal, in which he characterized Garamendi's letter as "an ongoing embodiment of your grandstanding tactics."

In response to a recommendation by Garamendi, which Eagleburger said would mean going back on his word, he noted acidly, "That may be the way you do business in California, but it would be my definition of truly amateurish."

Among the mass of data cited in the Eagleburger letter, clarified in a phone interview with ICHEIC Chief Operating Officer Mara Rudman, are:

Since its inception, ICHEIC has received 80,373 insurance claims, of which only 17,200 named a specific European insurer, who had issued the original policy to a Holocaust victim or survivor. In addition, ICHEIC linked 2,000 further claims to the names of companies. The remaining 76 percent of claims did not list a specific company.

ICHEIC has made concrete settlement offers to 3,700 claimants. Of these, 2,500 have been accepted by the claimants (which means that about 13 percent of the 19,200 claimants linked to specific insurance carriers have accepted settlement).

So far, \$58 million has been paid out to claimants, with an additional \$16 million in "humanitarian" aid going to elderly individuals, who received \$1,000 each.

While ICHEIC is budgeted only until the end of this year, it expects to receive operating funds for another year. The commission hopes to process all valid claims by early next year and wind up its operations by the end of 2005.

German, French, Swiss and Italian insurance companies have funded ICHEIC for a total of \$500 million for its operations and to settle all claims.

The main sticking point is the Italian insurer Assicurazioni Generali, one of Europe's largest, which did a thriving business selling policies to East European Jews before World War II. A number of survivors are suing Generali for allegedly stonewalling their claims for decades. Rudman acknowledged that Generali's current pace was unacceptable and that ICHEIC is seeking to speed up the company's claim processing.

In California, survivors have lawsuits pending against Generali, as well as against ICHEIC for its bias in favor of Generali. The lead attorney in most cases has been William M. Shernoff of Claremont and Garamendi has publicly supported the plaintiffs' suits.

According to financial reports filed with the California Secretary of State, Shernoff's law firm contributed \$55,000 to Garamendi's election campaign in 2002.

Asked about the frequent complaints aimed at ICHEIC's operations by survivors and in congressional hearings, Rudman acknowledged that all sides greatly underestimated the complexity and timeline of settling claims and that the commission suffered from "some poor communications. Everybody expected too much."

"We at ICHEIC have had a lot ground to make up," she added.