

# HOUSE BILL REPORT

## HJM 4028

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### As Reported by House Committee On:

Financial Institutions & Insurance

**Brief Description:** Requesting that funds be promptly disbursed to Holocaust survivors.

**Sponsors:** Representatives Schual-Berke, Ruderman, Kagi, Dickerson, Kenney, McDermott, Darneille, Pettigrew, Miloscia, Haigh, Chase, Edwards, Morrell, Conway, Clibborn, Fromhold and O'Brien.

### Brief History:

#### Committee Activity:

Financial Institutions & Insurance: 2/3/04, 2/4/04 [DPS].

#### Brief Summary of Substitute Bill

- The Legislature requests the prompt disbursement of humanitarian funds obtained for Holocaust survivors in proportion to their numbers worldwide based on accurate population data, with full and transparent accounting for the use of funds disbursed.
- The Legislature also requests the Insurance Commissioner utilize his position on the NAIC International Holocaust Commission Task Force to further the intent of this memorial.

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### HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Schual-Berke, Chair; G. Simpson, Vice Chair; Benson, Ranking Minority Member; Newhouse, Assistant Ranking Minority Member; Cairnes, Carrell, Cooper, Hatfield, Roach, Santos and D. Simpson.

**Staff:** Carrie Tellefson (786-7127).

### Background:

#### Holocaust Era Insurance Policies:

The proceeds of many insurance policies issued prior to and during World War II to Holocaust victims were not paid to victims or their survivors. The burden has generally been on the victims and/or their families to provide paperwork to prove their claims.

However, locating old insurance policies proved difficult because many Holocaust victims were forced from their homes and divested of their personal property (including their records). In many instances, insurance company records are the only remaining proof that insurance policies existed. In addition, many insurance companies required a claimant to produce a death certificate to prove that life insurance proceeds were owing. Because death certificates were generally not prepared for most Holocaust victims, it was often impossible to meet the insurance companies' documentation requirements.

Some insurance companies assert to have paid Holocaust victim insurance policy benefits over to governments during World War II. Other insurance companies claim that the assets to pay policies were seized by military forces during the war. In Eastern Europe, some insurance companies were nationalized by socialist governments and the money from unpaid policies were appropriated by the state.

Most European insurance companies that sold Holocaust era policies currently participate in the American insurance market or have business affiliations with companies in the American insurance market.

The International Commission on Holocaust Era Insurance Claims (ICHEIC) was established to investigate and facilitate the payment of insurance proceeds to Holocaust victims and their survivors. The National Association of Insurance Commissioners (NAIC) voted to establish a working group on Holocaust and insurance Issues. The Washington State Insurance Commissioner (Commissioner) holds a seat on the International Holocaust Task Force of the NAIC.

#### The Holocaust Victims Insurance Relief Act:

In 1999, the Legislature enacted the Holocaust Victims Insurance Relief Act, which created the Holocaust Survivor Assistance Office within the Office of the Insurance Commissioner to assist Washington's Holocaust victims, their families, and their heirs recover insurance proceeds and other assets improperly denied. Any insurer that sold insurance policies in Europe that were in effect between 1920 and 1945 must file information regarding such policies with the Commissioner. Insurers are required to file a list of insurance policies issued; the insureds, beneficiaries, and face amounts of such policies; a comparison of names and other available identifying information of insureds and beneficiaries of such policies and names and other identifying information of Holocaust victims; whether the proceeds have been paid to beneficiaries and whether diligent search was conducted to locate beneficiaries; whether, if beneficiaries could not be located, the proceeds of the policies were distributed to Holocaust survivors or qualified charitable nonprofit organizations for the purpose of assisting Holocaust survivors; that a court has resolved the rights of unpaid policyholders and certified a plan for the distribution of proceeds; or that proceeds have not been distributed and the amount of those undistributed proceeds. The Commissioner may suspend the certificate of authority of an insurer who fails to comply with this act and may issue civil penalties of up to \$10,000.

Distribution of Settlement Funds:

A settlement was signed with Swiss banks in 1999 providing for \$1.25 billion in payments for victims of the Holocaust. The United States District Court for the Eastern District of New York oversees the Swiss settlement and is considering the reallocation of up to \$600 million in unclaimed settlement funds to be used for humanitarian purposes benefitting needy Holocaust survivors around the world. There are as many as 174,000 Holocaust survivors in the United States, many of whom are elderly and infirm.

As a result of an agreement between the ICHEIC, the Federal Republic of Germany, and other parties, a Humanitarian Fund of \$165 million has been created to assist needy Holocaust survivors. The ICHEIC Humanitarian Fund has, to date, distributed \$2.4 million for the benefit of survivors in the United States, including \$12,000 in Washington.

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**Summary of Substitute Bill:**

The Legislature requests that any and all humanitarian or other discretionary funds obtained for, or on behalf of, Holocaust survivors, be promptly disbursed in order to meet the basic needs of the survivors and that the funds be disbursed to the numbers of Holocaust survivors in proportion to their numbers worldwide based on accurate population data, with full and transparent accounting for the use of funds disbursed.

The Legislature further requests the Commissioner utilize his position on the NAIC International Holocaust Commission Task Force to further the intent of this memorial; and that copies of this memorial be immediately transmitted to the Chair of the ICHEIC, the United States District Court for the Eastern District of New York, and the Washington State Insurance Commissioner.

**Substitute Bill Compared to Original Bill:**

The word "promptly" is added to encourage "prompt" distributions of the funds. The Memorial is directed to the United States District Court for the Eastern District of New York, instead of the ICHEIC Member insurance companies.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Testimony For:** (In support) This is an important statement for the Legislature to make. A survey found that there are between 200 and 250 Holocaust survivors in Washington still alive. It is important to provide relief to those who are due these funds and who are living without many resources.

This is a troubling matter of unpaid insurance policies. This memorial is very simple, and very meaningful and timely. There are thousands of needy survivors of the Holocaust. Its a double tragedy that people who went through the Holocaust are suffering now because of poverty and illness. They can benefit greatly from home care and other services that can be provided in their community.

Please allocate these funds as quickly as possible to those in need. Time is short. Survivors are dying every day. Survivors are the first priority with respect to the humanitarian funds. Maryland has recently introduced a bill similar to this.

This is not just a Jewish issue. Its an issue of accountability. The adult survivors of the Holocaust are fewer and fewer. In 1999 when the bill was passed, they thought there would be accountability. That has not happened yet.

The settlement included a component for settling insurance claims. The other part of the settlement is the humanitarian side. There are needy survivors who can use these funds today. The decisions about the allocation of humanitarian funds are now occurring and the authorities who are deciding this need direction. What better public direction than from the Legislature. Washington has been recognized as being ahead on this issue. Individuals who survived tried to go to insurance companies who insured their parents, with little success. In the 1990s, a class action suit was instituted and various insurance commissioners got involved with this. Insurance policies were basically "cash" and the NAZI regime used this money to fund the war economy. In today's value, the uncompensated value of the policies is in the \$10 to \$20 billion dollar range. A process was set up to form the ICHEIC that processes insurance claims. They are processing the first stages of the claims. An alternative of giving back the money was starting the humanitarian funds. It's not a substitute, but it's a start. Washington has the 3rd or 4th largest number of claimants.

**Testimony Against:** None.

**Persons Testifying:** (In support) Representative Schual-Berke, prime sponsor; Remy Trupin, Jewish Federation; Fred Taucher and Daniel Kadden, SHARP; and Sherry Appleton, Coalition for a Jewish Voice.

**Persons Signed In To Testify But Not Testifying:** None.