CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 6, 2008

H.R. 1746

Holocaust Insurance Accountability Act of 2007

As ordered reported by the House Committee on Foreign Affairs
on October 23, 2007

H.R. 1746 would establish a Holocaust Insurance Registry as part of the National Archives and Records Administration (NARA). The legislation would require insurance companies to file electronic disclosures of Holocaust-era insurance policies within 90 days to the Department of Commerce (DOC). DOC would then provide this information to NARA to create a comprehensive, searchable registry of information on individual insurance policies of that era. That registry would be available on the Internet.

The legislation also would require the State Department to seek agreements with European countries to provide the necessary insurance information to NARA. In addition, H.R. 1746 would allow Holocaust survivors and their descendants to pursue claims regarding Holocaust-era insurance claims in U.S. courts.

Information from NARA, DOC, the International Commission on Holocaust Era Insurance Claims, and the State Department suggests that a comprehensive list of Holocaust-era insurance policies is not readily available in a form that could be used to create a registry. Reliable information about the number of Holocaust-era insurance policies does not exist, nor is it clear whether the data that do exist are accessible and of sufficient quality to be used to create the registry.

The information provided by insurers would likely require significant additional translating, formatting, and fact-checking. If the federal government took on those tasks, CBO estimates that it would cost about $30 million to create the registry over fiscal years 2008 and 2009, and about $5 million annually to update and maintain the data, assuming appropriation of the necessary amounts. However, if accurate information were made available and presented in a computerized format by individual insurance companies, the federal cost of such a registry would be significantly less.

Enacting H.R. 1746 could affect federal revenues and direct spending because the bill would impose new civil penalties for the improper electronic disclosure of Holocaust-era insurance policies. Collections of civil penalties are recorded in the budget as revenues. Under the bill, those penalties could be used by NARA to maintain the registry. CBO expects that any additional collections would not be significant because of the small number of fines likely to be affected. Thus, we estimate that any net increase in civil penalties and subsequent direct spending would not be significant.

H.R. 1746 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 1746 would impose a private-sector mandate as defined in UMRA, because it would require insurers to electronically file certain information about Holocaust-era policies with the Secretary of Commerce. Insurers affected by this mandate would include certain entities or their affiliates that issued or reissued insurance policies covered by this legislation. Covered policies include life, dowry, education, property or other insurance policies that were in effect during the Holocaust (January 30, 1933, through December 31, 1945) and issued to policy holders in areas occupied or controlled by Nazi Germany or its allies and sympathizers. According to industry sources, few U.S. companies would be affected by this requirement and the administrative cost to search their records for such policies would not be significant. Therefore, CBO expects that the costs to the private-sector of complying with the mandate would fall below the annual threshold specified in UMRA ($136 million in 2008, adjusted annually for inflation).

The CBO staff contacts for this estimate are Matthew Pickford (for federal costs) and Paige Piper/Bach (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.