



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 29, 2008

H.R. 1746

Holocaust Insurance Accountability Act of 2008

As ordered reported by the House Committee on Financial Services on June 25, 2008

H.R. 1746 would require insurance companies to respond to inquiries about the existence of Holocaust-era insurance policies. The legislation would require the Department of the Treasury to enter into an agreement with the New York State Holocaust Claims Processing Office (HCPO) to monitor company responses and report to the Treasury and the Congress on compliance with the proposed federal requirement. Failure to comply with individual inquiries would subject insurers to civil penalties. In addition, the legislation would require the Departments of State and the Treasury to seek agreements with European countries to facilitate responses from insurers in Europe. Based on information from the Departments of State and the Treasury, CBO estimates that implementing H.R. 1746 would cost about \$500,000 annually, assuming appropriation of the necessary amounts.

Enacting H.R. 1746 could affect federal revenues because the bill would impose new civil penalties on insurance companies if they fail to respond to inquiries. Collections of civil penalties are recorded in the budget as revenues. Subject to appropriation, those penalties could be spent by HCPO. CBO expects that any additional revenues would not be significant because of the small number of fines likely to be collected.

H.R. 1746 would impose private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on certain insurers. The bill would require an insurer, after receiving a written inquiry from a potential beneficiary of such a policy, to: Acknowledge that inquiry in writing, indicating whether the insurer has information specifically related to a covered policy as defined in the bill; provide to each person making such an inquiry any information regarding whether that person is a potential beneficiary; and immediately notify the Holocaust Claims Processing Office in writing of each inquiry and provide a copy of all acknowledgments and information to persons making such inquiries. Based on information from the insurance industry, CBO expects that the cost to U.S. firms of complying with the mandates would fall below the annual threshold for private-sector mandates (\$136 million in 2008, adjusted annually for inflation).

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

On February 6, 2008, CBO transmitted a cost estimate for H.R. 1746 as ordered reported by the House Committee on Foreign Affairs on October 23, 2007. Both bills address Holocaust-era insurance policies but have different provisions. The version of H.R. 1746 reported by the House Committee on Foreign Affairs would create a Holocaust Insurance Registry through the National Archives and Records Administration, while the version reported by the House Committee on Financial Services would require insurance companies to respond to individual inquiries about Holocaust-era insurance policies. CBO's cost estimates reflect those differences. H.R. 1746 as ordered reported by the House Committee on Foreign Affairs contains a private-sector mandate in that it would require insurers to electronically file certain information about Holocaust-era policies with the Secretary of Commerce. CBO determined that the cost of complying with that mandate would fall below the UMRA's annual threshold.

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.