



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 17, 2012

H.R. 890

Tom Lantos Justice for Holocaust Survivors Act

As ordered reported by the House Committee on Foreign Affairs on March 21, 2012

H.R. 890 would allow Holocaust survivors (or their heirs) to pursue civil actions in federal courts against insurance companies related to World War II-era insurance policies. Many Holocaust-era insurance claims were adjudicated through the International Commission on Holocaust Era Insurance Claims, which closed in March 2007. Under H.R. 890, claimants would have 10 years to pursue their claims. Based on information provided by the Administrative Office of the United States Courts about the number of claims likely to be filed in federal courts as a result of enacting H.R. 890, CBO estimates that the legislation would have no significant budgetary effect. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 890 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt state laws that limit the amount of time that claimants have to sue insurers. The bill also would preempt state laws that preclude individuals from relitigating a claim against an insurer. While the preemptions would limit the application of state law, CBO estimates that they would impose no duty on state, local, or tribal governments that would result in additional spending.

H.R. 890 also contains a private-sector mandate, as defined in UMRA, to the extent that companies in the United States would be made liable for claims against such a covered insurance policy. The cost of the mandate would be the difference in compensation insurance companies in the United States would have to pay under current law compared to the amount that they would have to pay under the bill. According to insurance industry sources, few companies in the United States, if any, would have been an insurer of those covered policies. Therefore, CBO expects that the cost to the private sector of complying with the mandate would probably fall below the annual threshold established in UMRA for private-sector mandates (\$146 million in 2012, adjusted annually for inflation).

The CBO staff contacts for this estimate are Matthew Pickford and Martin von Gnechten. The estimate was approved by Peter Fontaine, Assistant Director for Budget Analysis.