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2 June 2014

Most Rev. Michael Kennedy DD
 Bishop of Armidale
 Catholic Chancery Office
 PO Box 93
 ARMIDALE NSW 2350

By email: chancery@armidale.catholic.org.au and jharman@armidale.catholic.org.au

Dear Bishop Kennedy

<p>Our Client Alleged Offenders: Claimant: CCI Claim Ref.:</p>	<p>The Roman Catholic Church for the Diocese of Armidale Fr. John Farrell CPM (DOB: REDACTED) REDACTED</p>
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We confirm having received notification of this claim against the Diocese of Armidale by way of email from Ms Jennifer Harman dated 28 May 2013 attaching a letter from Collary Law dated 23 May 2013.

CPM has alleged that he was sexually abused by Fr. John Farrell at St. Francis Xavier Catholic Church, Moree between and around 1982 and 1984.

The Policy

At the relevant time, the Diocese of Armidale held a Public Liability Policy with Catholic Church Insurance Limited (CCI) that covered Moree Parish. The limit of indemnity under the relevant policy was \$25 million plus Claimant plus Defence costs. There is no excess payable.

As you may recall, following the Inquiry by the Honourable Antony Whitlam QC in 2012, indemnity had been reserved by CCI in respect of this claim and all claims concerning Fr. Farrell, until a review of the findings from the Whitlam Inquiry (Report) had been conducted. We have now completed our review.



By way of background, the Insuring Clause in the relevant CCI Policy wording is written on an "Accident/Occurrence" basis. Relevantly, the Insuring Clause provides as follows:-

"The Company will pay to or on behalf of The Insured all sums which The Insured shall become legally liable to pay for compensation in respect of

(a) Bodily injury

(b)

occurring during the Period of Insurance as a result of an accident and happening in connection with The Business carried on at and from any Place specified in The Schedule".

In determining whether such claims have arisen "as a result of an accident", CCI must be satisfied that the claim has arisen from an "*unexpected and unintended mishap*" from the perspective of the Insured body. The Insured body can include the Bishop or a member of the Leadership Group.

We have carefully reviewed the Report and documentation contained in Fr. Farrell's personnel file and note as follows:

- a) A series of letters from various people (primarily his teachers and peers from his Seminary training) were provided to the Diocese, expressing concerns about Fr. Farrell's suitability to be a priest due to his personality. In particular, concerns were raised about his self-assertiveness, tendency to dominate, abrasive ego, lack of prudence, laziness and apparent insensitiveness and tendency to use people. We note that Moree Parish was Fr. Farrell's first role, after he was ordained as a Priest on 21 September 1981. He commenced at Moree Parish on 11 November 1981;
- b) the Report also found that in early 1983, evidence was adduced by a former Assistant Priest at the Moree Parish, Fr. Richard Gleeson that, he had been called into the Moree Presbytery by the then Vicar General of the Diocese, Monsignor Frank Ryan (deceased) and advised, words to the effect:

"We've got a problem with JJ (Farrell). He has been mucking around



with the kids”;

- c) the Report further found that at around the same time as the disclosure by Mgr. Ryan (early 1983), Fr. Farrell was alleged to have told Fr. Gleeson *“I’ve done something stupid”*, but did not actually reveal to what he had been referring;
- d) it was further noted in the Report that Mgr. Ryan was aware of the names of three boys with whom Fr. Farrell was alleged to have interfered, and had actually disclosed those names to Fr. Gleeson;
- e) Mr Whitlam further remarked in his Report that there was a *“glaring omission from the records of the Armidale Diocese”* of any contemporaneous account of the reasons for Fr. Farrell’s removal from Moree Parish in April 1984 *(although it did seem to coincide with a complaint made to Mgr. Ryan by another Victim’s mother at that time)*;

We consider that a Vicar General of a Diocese would be part of the Leadership Group, such that any knowledge or information concerning sexual impropriety by a member of its Diocese, would be appropriate knowledge on the part of the Insured body. Therefore, given that Mgr. Ryan was notified and aware of Fr. Farrell’s propensity to interfere with children in early 1983, it cannot be said that any subsequent activities involving children were unexpected, unintended and/or unforeseen.

Given that we have been unable to identify a specific date in early 1983, when Mgr. Ryan became aware of Fr. Farrell’s sexual impropriety with children, we will deem the date of that knowledge to be **30 June 1983**. Therefore, in this claim, and all future claims for compensation involving allegations of sexual abuse by Fr. John Farrell, indemnity is denied to the Diocese of Armidale for any sexual abuse that occurred after 30 June 1983.

If you have any further materials that you would like us to consider in respect of our decision regarding indemnity, please do not hesitate to forward them to us for further review.

In the meantime, in respect of this claim, subject always to the terms and conditions of the above policy, indemnity is granted only in relation to the alleged abuse that occurred **prior to 30 June 1983**, to the Diocese of Armidale, the Trustees of the Roman Catholic Church for the



Diocese of Armidale, any relevant member or past member of the Trustees and any relevant person for whose conduct the Diocese of Armidale and/or the Trustees is responsible, except of course for the alleged perpetrator. Where any such person, excepting the perpetrator, is deceased such indemnity will be extended to his/her estate and any appointed legal representative to the extent only that any liability on the part of the deceased survives his death.

Given the limited cover available under the policy, the Diocese will need to contribute financially towards any settlement of this claim, given that the alleged abuse spans over both insured and uninsured periods. We will contact you in due course to discuss contribution between CCI and the Diocese.

We wish to also confirm that the policy does not provide cover in respect of allegations of physical abuse.

With regard to indemnity, and to enable the best possible management of the claim on behalf of the Diocese of Armidale, it is a condition of the policy that all relevant persons observe their duty to disclose to CCI every matter that they know, or could reasonably be expected to know, is relevant to the claim.

Next Steps

As you are aware, Makinson D'Apice Lawyers have been engaged to act on our behalf in this matter. The Claimant is represented by Collary Legal, which have recently served material particularising the claim. Mr Alex Kohn of Makinson D'Apice Lawyers will be in contact with you in due course to discuss the claim generally and the next steps required to progress this matter.



If you wish to discuss any aspect of this letter or require further assistance, please do not hesitate to contact me. Otherwise, please note that Ms Nicole Kelidis will have the day-to-day management of this claim. Her contact details are nicole.kelidis@ccinsurance.org.au or **REDACTED**

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Marita Wright'.

Marita Wright
National Claims Manager

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