

**Appendix 1.**

**Subject: Teleconference with Corrs Chambers Westgarth, Sydney.**

Patrick Monahan, Joe Bucci and myself held a teleconference with Paul McCann and Anna Ross of Corrs on 3 June 2005 to discuss the above matter.

Patrick Monahan and myself explained in detail to Corrs the claims handling philosophy which CCI adopts in relation to special issues claims, specifically that we do not approach these claims from a purely legalistic standpoint. It was noted from Paul McCann's comments that Corrs appear to have little understanding of CCI's approach to special issues claims and have been adopting a more legalistic approach to the claims they are handling on behalf of the Sydney Archdiocese.

Corrs sought clarification as to the party responsible for payment of any settlement sum and we advised Corrs that in circumstances where indemnity had been granted to the Archdiocese, then subject to the policy terms and conditions, the settlement monies would be paid by CCI. In claims where indemnity had been granted to the Archdiocese, we advised CCI wished to have significant input into the conduct of these matters and work on a co-operative basis with Corrs.

We then had a discussion regarding the merits of the case and discussed in detail Corrs advice dated 23 May 2005. After considerable discussion, it was agreed that this is not a matter which should be settled within a range of \$80 to \$130,000 there exists serious concerns about whether the alleged abuse actually occurred, and if it did in fact occur, was at the lower end of the "offending" scale. In comparison to previous claims we have settled of a similar nature, the proposed settlement sum is simply too high, although we noted & discussed the complicating fact of the VCT payment and legal costs incurred by the claimant to date (on the point of VCT payment, Corrs have indicated that they have yet not received supporting documentary evidence that this payment was in fact made to the claimant and they will repeat their request for supporting documentation to the claimant's solicitors).

As a result we have agreed between the parties that Paul McCann will approach the claimant solicitors and attempt to persuade them to discontinue their claim on the basis that each party bear their own costs and that CCI is willing to provide pastoral assistance to the claimant in the form of counselling (up to a maximum figure of \$5000 -this was authorised by myself during the teleconference).

Corrs will report back to us on the outcome of the discussions with the claimant's solicitors in due course.