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Private & Confidential

Most Reverend Philip Wilson DD JCL
 Archbishop of Adelaide
 Archdiocese of Adelaide
 GPO Box 1364
 Adelaide SA 5001

Dear Archbishop Philip,

Claims relating to St Ann's Special School

I apologise that it has taken me so long to respond to you formally on this matter.

When we last discussed this issue, I expressed my concern that, while we appreciated the enormous value which the pastoral response you made to those individuals who had been [or were more than likely to have been] sexually abused while students at St Ann's Special School, Catholic Church Insurances faced several difficulties in providing indemnity in respect of the payments made to the affected students.

For good reason, the amounts awarded were characterised as "gifts" and the payments were allocated into three categories based on the likelihood that the recipients were abused:

1. those students who were certainly abused
2. those in respect of whom there was evidence to conclude that it was reasonable to believe they had been abused and
3. those in respect of whom an assumption was made that they may have been abused, largely because they were at the school at the time and may have been in the proximity of the offender from time to time.

In the process of assessing and settling claims, Catholic Church Insurances is obliged to follow rules of compliance from several independent sources. These include the regulatory body, the Australian Prudential Regulation Authority [APRA], the company's independent auditors, the broad principles we have established over many years of managing these matters and in the case of claims for sexual abuse, the direction issued by the chairman of the then Bishops' Committee for Professional Standards, in 1994.

I regret that on the question of whether there is a possibility that a payment might be characterised as reparation in respect of which indemnity might be provided under the public liability policy, those in the third category were unable to be considered.

However, those in the first category were payments made to persons upon whose evidence the offender was convicted and from whom documents had been received which indicated the clear intention that claims for damages would have been made against the Archdiocese, were it not for the payment offered. The amounts paid were significant but we regard them as consistent with the range of settlements in similar circumstances, namely \$100,000 in each of the three cases.

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The second category of payments presented us with more difficulties. Initially, there appeared to be no [or insufficient] documentation to support the contention that the recipients had actually been abused and further, no statement indicating any intention to make a claim against the Archdiocese.

However, after considerable research and with the great assistance of Sue Cain and Lee-Anne Freundt, for which we are grateful, we were able to establish sufficiently that the payments had been made to persons who were abused and that, had you not acted in the manner in which you did, it was likely that claims would have been brought against the Archdiocese. We acknowledge that the intellectual incapacity of the affected persons precluded the Archdiocese from obtaining the documentation we would normally require. However, there are records of interviews and other file notes retained by staff from St Ann's Special School, the Catholic Education Office and the Professional Standards Offices which assisted our decision-making. Information from solicitors, police, guardians and carers featured in those records.

At this stage of our assessment, we were still left with the issue of measuring the amount of compensation which might have been reasonably paid to persons presenting with these injuries. Again, in the case of persons being considered here, there is some difficulty in determining the extent to which they might have been affected by the abuse, particularly in the area of future livelihood. We concluded that our best course of action was to select an amount commensurate with the average sum paid by the company in response to claims of this nature, namely \$50,000.

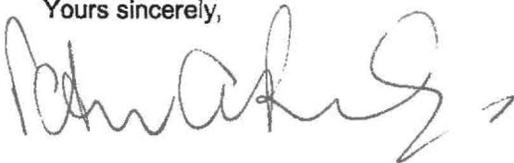
Accordingly, in regard to the three payments falling into the first category, we will pay \$300,000. In the case of the ten payments under the second category, we believe we can justify only \$50,000 per claim, or a total of \$500,000, recognising that this falls short of the payments you have made.

Therefore, I am pleased to enclose our cheque in the sum of \$800,000.

In closing, I must advise you that we treat this payment as settlement of these thirteen matters against the Archdiocese. While we acknowledge that your contributions made to the abused persons were in the form of gifts which do not preclude subsequent legal actions being brought against the Archdiocese, the settlements which this cheque represents are against those claims which the Archdiocese would be entitled to make against its relevant public liability policy.

Again, I apologise for the delay in our assessment of this matter and thank you for your patience. If you would like to discuss this with me, please do not hesitate to contact me on (03) 9934 3001 or **REDACTED**
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Yours sincerely,



Peter Rush