



# Catholic Church Insurances Limited

A.B.N. 76 000 005 210

## Memo

To: St Ann's Working Party  
 From: Edmund Fernandez  
 Date: 1 September 2003  
 Subject: St Ann's - Quantum Issues

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1. Before I address the issue of quantum I would like to raise the following:
  - a) Who are the payments being made to? Are they to the victims themselves or to the families? Payments to families may be deemed payment to 'secondary victims' which is not something which we should encourage as this is likely to set a precedent for the Church. Until now, it is only in the most extreme cases that any payments are made to a 'secondary victims'. It is usually where the 'secondary victim' has suffered some form of 'nervous shock' as a result of abuse that happened to a relative when a payment is even contemplated.
  - b) How are we couching the payment so that it does not look like a payment that is intended to 'buy off' the victims and their families?
  - c) How certain are we that the allocation of victims into categories is correct? Is this something that needs constant review?
2. There is a proposal that payments of the following order be made to the various categories:
  - a) Category 1 - \$35,000
  - b) Category 2 - \$10,000
  - c) Category 3 - \$ 1,000
3. In making any payments we need to ensure that:
  - a) There is firstly some moral or legal obligation for such payments to be made.
  - b) The quantum is such that it is pitched at the right level. If it is too low, it will be counter productive but on the other hand if it is too high, there will unfortunately be an expectation that there is substantially more money where it came from. It is our experience that in most cases an initial payment like the ones being proposed is not going to make potential claimants 'go away'
  - c) We do not try to please everyone because we are not going to achieve this. There will always be an individual or group that is not going to be satisfied with whatever payment is proposed. We just need to ensure that we do what is regarded as the right thing in the eyes of the majority.

- d) There is an understanding that some or all of these payments may not be subject to reimbursement by CCI due to indemnity issues. These are matters that will be the subject of future negotiations between the Archdiocese and CCI.
4. It is my view based primarily on CCI's experience that the payments should be pitched at the following levels:
- a) Category 1 – between \$10,000 and \$15,000. We have settled abuse matters for less than \$20,000. The majority of abuse cases have been settled by CCI for between \$30,000 and \$40,000 plus costs. Offering \$35,000 as an initial payment does not give us much room for negotiating a civil action if one is later lodged.
  - b) Category 2 – up to but not exceeding \$5,000. I cannot see why we should pay anymore when under this category when there is only a possibility that abuse may have occurred because of the opportunity that was available to Perkins. In addition, the possibility of obtaining any reimbursement from CCI without any further proof that abuse did in fact occur is remote. The Archdiocese would therefore most likely be making payments out of their own funds.
  - c) Category 3 – no payment. We should not be making any payments to anyone in this category because there was no perceived opportunity for these students to have been abused so what exactly are we compensating them for. What loss have they suffered? If there was no loss, why compensate them?

Edmund Fernandez