

## INFORMATION REGARDING SEXUAL ABUSE SETTLEMENTS AND RELATED COSTS FOR FISCAL YEAR 2006

### Overview

In April 2006, as part of the overall financial transparency presentation, the Archdiocese published a report entitled “Financial Disclosure of the Archdiocese of Boston Regarding Sexual Abuse Settlements and Related Costs.”<sup>1</sup> That report detailed the payments that had been made by the Archdiocese to fund sexual abuse settlements and related costs in the years prior to June 30, 2005. The report also described the sources of the funds that had been expended. The Archdiocese committed in April 2006 to update the report on an annual basis. This report covers the one year period beginning July 1, 2005 and running through June 30, 2006.

### Sexual Abuse Settlements and Related Costs

Sexual Abuse Settlements. The total amount expended by the Archdiocese to settle sexual abuse claims in the period from July 1, 2005 through June 30, 2006 was \$6,382,500. A total of 86 settlements were reached.

Costs for Pastoral Response and Abuse Prevention and Training. In the period covered by this report, the Archdiocese expended \$2,469,355 to cover the expenses associated with administering abuse prevention efforts and funding outreach to promote healing and reconciliation with survivors and others harmed by sexual abuse. That figure includes the expenses incurred by three principal offices of the Archdiocese: the Office of Volunteer Resources (which conducts annual CORI checks of clergy, employees and volunteers), the Office of Child Advocacy, Implementation, and Oversight (which oversees abuse prevention training), and the Office of Pastoral Support and Outreach (which administers the program of the Archdiocese to fund therapy and related services to survivors of abuse). Under the program administered by the Office of Pastoral Support and Outreach, the Archdiocese funds weekly therapy and related medications. This support is available whether or not the survivor has brought a claim against the Archdiocese, and continues to be available after a claim has been settled. In the past fiscal year, the program funded therapy for 315 survivors, at a cost of \$1,242,484.

Other Costs Related to Sexual Abuse Claims. In addition to the moneys paid in settlements and the costs of its pastoral response and abuse prevention programs, the Archdiocese incurred an additional \$738,473 in costs to respond to and settle sexual abuse claims during the past fiscal year. These costs were comprised principally of legal costs as well as expenses for mediation and arbitration.

Summary of Costs. Taking into account the total cost of the sexual abuse settlements (\$6,382,500) as well as the total of other costs incurred by the Archdiocese related to the sexual abuse claims (\$3,207,828), the Archdiocese expended a total of \$9,590,328 during the fiscal year ended June 30, 2006.

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<sup>1</sup> Please refer to [www.rcab.org](http://www.rcab.org)

## Sources of Funds

The Archdiocese has funded the settlements and other costs related to the sexual abuse claims from the following general sources: real estate property sales; insurance coverage under policies issued to the Archdiocese; and money reserved from the insurance fund of the Archdiocese. These sources have been sufficient to cover the costs of settlement and related expenses described above. It should be made clear, as in the past, that parish funds, money raised from the Promise for Tomorrow Campaign, the Annual Catholic Appeal, and the recent parish reconfiguration process will be used only for the purposes for which they have been collected and designated. They will not be used for settlement costs.

Property Sales. The report issued last year provided a very detailed report on the real estate property sales that had been used to assist in the funding of sexual abuse settlements and related costs, including the sale to Boston College in 2004 of a portion of the Brighton campus. As discussed in last year's report, the Archdiocese also had designated fifteen other properties for sale, not related to parish reconfiguration or the sale to Boston College, in order to assist in the funding of abuse settlements. During the past fiscal year, the Archdiocese used \$825,588 from the proceeds of those sales to cover costs related to sexual abuse claims.

Insurance Recoveries. In the report issued last year there was considerable detail provided with regard to the claims made by the Archdiocese against its insurers related to the cost of sexual abuse settlements. The report discussed a settlement reached in early 2005 between the Archdiocese and Lumbermens Mutual Insurance Company (the carrier which provided coverage for the Archdiocese from the mid-1950s until early 1983). As part of that settlement, the Archdiocese received \$7 million which was allocated toward settling or defending then pending or future claims. Of that fund, \$5,842,500 was used to fund the settlements reached in the fiscal year ending June 30, 2006. That fund also was used to pay \$88,075 in related costs for arbitration fees

As also indicated in last year's report, coverage for the Archdiocese in the period spanning 1983-1989 was provided by another insurance company, Travelers Insurance Company. During the past fiscal year, the Archdiocese received a total of \$270,893 from Travelers towards the costs of the settlements which were negotiated and concluded in that period.

In addition to the above sources of funds, the Archdiocese also has used \$2,563,272 from reserves established for this purpose by the insurance fund of the Archdiocese.

Summary of Sources of Funds. In summary, the Archdiocese has used the following sources of funds to pay for the \$9,590,328 in sexual abuse settlements and other costs related to sexual abuse claims during the fiscal year ending June 30, 2006:

- real property sales (\$825,588)
- insurance coverage under Archdiocesan insurance policies or prior settlements with insurers (\$6,201,468)
- self-insurance reserves established for this purpose by the Archdiocese (\$2,563,272)

### **Future Reports**

The Archdiocese will continue to provide, on an annual basis, supplemental financial information regarding any future settlements of sexual abuse claims and the sources of funds for those settlements.

### **Closing Words**

The summation of the financial costs for the fiscal year 2006, related to the sexual abuse crisis, is a sobering reminder of the devastating aftermath of these crimes against children. The true costs associated with sexual abuse cannot be counted in dollars and are in fact impossible to measure. The men, women, children and clergy and lay ministers who comprise the Church of Boston remain committed to extending the love of Christ to our brothers and sisters who bear the wounds of past abuse. During this Easter Season, when we celebrate the victory of Hope, may this be a source of renewed grace in the on-going work of healing and restoration.