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U.S.

Charges Against Archdiocese May Jeopardize Insurance Payouts

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ST. PAUL, Minn. — Lawyers for the Archdiocese of St. Paul and Minneapolis are warning that criminal charges against the corporation could jeopardize insurance coverage that's being counted on to pay some claims of victims of clergy abuse.

The archdiocese faces multiple counts for allegedly failing to protect victims from a former St. Paul priest.

Archdiocese insurers were already questioning whether they were liable to cover abuse claims.

Now the insurers' case is stronger because the charges allege the archdiocese knew about problems and didn't protect kids, University of Minnesota law professor Christopher Soper told Minnesota Public Radio News (<http://bit.ly/1J7vOJb>). Most insurance policies don't cover intentional or criminal acts, he said.

Insurers often fight coverage on such cases because the financial stakes are high.

From 2004 to 2014, the Catholic diocese in the U.S. and other entities reported that more than \$2.7 billion was incurred in sex abuse costs, including settlements, victim therapy, offender support and attorney fees, according to surveys conducted by the U.S. Conference of Catholic Bishops. About 32 percent of those costs were covered by insurance.

Abuse victims of the Twin Cities archdiocese have until Aug. 3 to file claims in bankruptcy court. So far, roughly 100 claims have been filed.

The archdiocese filed for bankruptcy in January due to concerns that it wouldn't be able to compensate the victims, and a judge ordered all parties into mediation. The archdiocese is banking on the insurance coverage to compensate abuse victims, after reporting about \$27 million in net assets as of May 31.

Last November, the archdiocese sued insurance companies covering it from the 1940s through the 1980s in an effort to resolve the carriers' obligations to cover clergy sexual abuse claims.

Although the Twin Cities archdiocese wants insurers to contribute to a settlement of claims filed by alleged victims, many have denied claims of have reserved the right to reject claims. The coverage dispute is now part of the archdiocese's bankruptcy proceedings.

Information from: Minnesota Public Radio News,
<http://www.mprnews.org>