

## **Background Explainer for Diocese of Rochester Settlement with Abuse Survivors – 11/3/22**

### **Survivors Come Forward under New York Child Victims Act**

After the legislature opened the courthouse for survivors of child sexual assault in New York, dozens of survivors filed lawsuits against the Diocese of Rochester. These survivors were sexually abused as children by priests and clerics who worked in parishes and schools throughout the Diocese of Rochester.

### **Diocese Files for Bankruptcy**

In September of 2019 the Diocese of Rochester was the first Diocese in the state of New York to file for chapter 11 bankruptcy reorganization. Dozens of other Catholic Bishops and leaders had used the tactic in other states, but this was the first time it was used in New York.

In the bankruptcy case the court set a deadline for survivors in the Diocese of Rochester to come forward and file confidential claims. All told there were approximately 475 survivors who came forward to report that they had been sexually abused by dozens of priests and clerics in the Diocese of Rochester.

### **Insurers Deny Survivor Claims**

The Diocese of Rochester and its Parishes purchased insurance for over fifty years. The insurance they purchased was commercial general liability insurance which is meant to protect companies from losses caused by their negligence or losses to their property. The insurers took the Diocese and parishes money for decades and promised to cover them if losses occurred.

One of the major insurance companies for the Diocese or Rochester was CNA. CNA refused to cover the negligence claims brought by the abuse survivors against the Diocese of Rochester and its parishes.

## **Historic Double Play Deal**

Because of the insurers refusal to meaningfully honor their obligations to cover the abuse claims, the abuse survivors and the Diocese entered into a historic deal to provide the survivors with a cash payment from the Diocese and the ability to pursue the insurers. This type of deal hasn't been done in this type of case in New York.

Specifically, the deal provides for a \$55 million contribution from the Diocese and its parishes to a trust for the survivors. Second, it gives the survivors the right to pursue the Diocese and parishes' insurance rights. Some of the survivors can get stipulated judgments under New York law against the insurance company in the most egregious circumstances where the insurer willfully broke its own insurance contract in order to keep the money and interest has from the Diocese's decades of insurance payments.

## **Path Forward**

The settlement will be brought before the Federal Bankruptcy Court and if allowed to proceed will move to a vote by the abuse survivors. If the settlement is approved, survivors will then have the chance to hold the insurers accountable for their failure to honor their insurance obligations.