

LCAQD Policy

Managing Historic (Sexual) Abuse Claims

1. Preamble

In a harsh world, where people are abused by other people, even in the church, God's people are called to act with compassion, gentleness and reasonableness (Galatians 5:22–23; Ephesians 4:2; Matthew 5:1–9). God protects the vulnerable, and God's people are to do the same (Isaiah 1:17).

Note: This policy document provides clear instruction to member congregations as to managing historic (sexual) abuse claims and so this document may feel very clinical and uncaring. This document does not provide instructions in caring for the victims of historic sexual abuse as that is not its purpose. The teachings of our church however are rich with instruction from our Lord in how we should care for the weak and vulnerable, and member congregations are strongly encouraged to ensure that appropriate pastoral care is provided to victims, and perpetrators, as we are all children of God.

2. Purpose

This policy provides guidance in how historic (sexual) abuse legal claims brought against a congregation of the LCAQD, or a legacy entity of the LCAQD, where the LCAQD is the legal respondent, are managed. This includes how costs associated with the claim are paid and/or reimbursed to the LCAQD.

3. Background

This policy applies to:

- LCAQD member congregations.
- Entities of the LCAQD that are legacy or current entities that are under the management of the Office of the District/Bishop.
- Claims that are not covered by insurance, or where the excess for an insurance claim is greater than \$50,000.

This policy does not apply to any Department of the LCAQD

From time-to-time congregations of the LCAQD are the focus of historic (sexual) abuse claims. Within the LCAQD, congregations are currently mostly unincorporated associations. A few congregations have assets held on trust by a Letters Patent corporation particular to a congregation. Most congregations have their assets held on trust by the LCAQD Letters Patent Body Corporate. Several congregations in recent years have transitioned to being incorporated as either incorporated associations or companies limited by guarantee and their assets are held in this incorporated entity.

4. Objective

This policy aims to, as best possible ensure that where a historic (sexual) abuse claim is brought against a congregation or the LCAQD that:

- The impact of any claim does not draw the LCAQD into insolvency,
- The impact of any claim on a particular congregation is minimised and, if possible, the congregation can be saved from insolvency,

- The use of funds held in the LCAQD “Managing Specific Risk” account is administered according to the guidelines of this policy so expectations and possible outcomes are properly understood prior to the need to utilize this account thereby reducing conflict.

5. Policy Intent

This policy seeks to ensure that irrespective of a congregation’s legal structure, the process for managing legal claims brought against congregations of the LCAQD, and or entities the LCAQD is legally responsible for, are managed to conclusion consistently. This includes: how a claim is managed and who manages this, how stakeholders are kept informed, how settled claims are paid and who is responsible for this, and any action the Office of the District can take to protect the LCAQD from being taken in to receivership as a result of a claim.

6. Procedures

a. Managing a historic sexual abuse case made against a LCAQD congregation.

When a congregation receives a claim against it, it should immediately forward the claim to the District Executive Officer (D.E.O) by email and follow up with a phone call to ensure the D.E.O has received the claim. Normally, there is a limited time to respond to the claim. The D.E.O will organise to talk to the congregation Chairperson to determine which of the three (3) options below will be used to manage the claim.

The following decision table will help define the process that will be followed and determine who the responsible parties are at the various stages of the claims process.

Claim Life-Cycle Decision Question	Option 1	Option 2	Option 3
Letters Patent Corporation or incorporated entity holding congregation assets	Congregation	Congregation	LCAQD
Who will manage the claim and work with the appointed legal team	Congregation	D.E.O.	D.E.O.
Is an agreement between the congregation and the LCAQD required because the D.E.O will manage the claim	No	Yes	Yes (where the claim is made against a congregation)
Who will pay ongoing out of pocket costs to the legal team	Congregation	LCAQD	LCAQD
Who keeps DCB and the congregation informed of the progress of the claim	Congregation	D.E.O.	D.E.O.
Who will keep LCA Insurance, the Executive Officer of the Church, Professional Standards Department informed of the progress of the claim	Congregation	D.E.O.	D.E.O.
Who will represent the congregation in any settlement conference	Congregation	D.E.O.	D.E.O.
Who will pay any agreed settlement costs initially.	Congregation	LCAQD	LCAQD
Who will manage the LCAQD process of engaging the member congregations to help the affected congregation pay the remaining cost of the claim?	NA	D.E.O. and Congregation Chair	D.E.O.

b. With reference to Option 2 and 3 (of the Decision Table in Point 1 above); Process to engage a LCAQD member congregation-to determine how they will pay the cost of a historic (sexual) abuse case where the claim is made against that congregation.

Once the D.E.O. knows what the total out of pocket expenses are for a historic (sexual) abuse claim brought against a congregation, the D.E.O. will report this to DCB.

NOTE: Where Option 2 or 3 has been engaged for a congregation, the LCAQD will have carried the cost of this claim and so will have a full account of what costs have been incurred. Where Option 1 is used, the congregation will have managed the process and paid the claim so there is no need for the D.E.O to engage with the congregation except to receive a report from them to include in the LCA abuse records.

Once the D.E.O has reported the final outcome of the claim to DCB they will engage the congregation and share with them a full financial account of the case, requesting their response as to their ability to reimburse the LCAQD. (NOTE: the congregation Chair will already know this amount as the D.E.O. will have communicated this as the claim progressed.)

Every congregation will respond differently as to what is the maximum amount they can contribute to the costs of the legal claim. Whatever the amount, the D.E.O. will work with the congregation and provide a justification to DCB as to their response in this regard. Congregations need to act in good faith and prayerfully consider all options available to maximize the amount they can pay toward the cost of reimbursing the LCAQD including: taking out a loan, delaying other planned expenditure, selling assets, launching a special appeal within their congregation.

Once DCB has received the congregation's submission, they may authorise the use of the "Managing Specific Risk account" if they feel the congregation has maximized their options to reimburse the LCAQD. If DCB feel the congregation has not maximized their opportunity to raise the necessary funds to reimburse the LCAQD they may direct the D.E.O. to reengage with the congregation again to encourage a stronger response. If DCB consider all options have been considered and exercised by the congregation to reimburse the LCAQD for claim and settlement costs they may authorise use of the "Managing Specific Risk" account. The maximum that can be accessed for any one claim by a congregation is 25% of available funds in the account at the time DCB is considering this.

If the "Managing Specific Risk" account has insufficient funds in it to pay the balance of the outstanding claim and settlement costs, then the congregation may be forced to consider other options to reimburse the District, including selling the congregation's property and or assets.

If in an extreme case a congregation is forced to sell all its land and assets to pay out a claim and there are still not enough funds to cover the total liability of the settlement, then DCB may, at its discretion utilize whatever funds are in the "Managing Specific Risk" account to ensure the balance of the claim and settlement costs are met.

If after the congregation's assets and land are sold, and the "Managing Specific Risk" account is exhausted and there is still an outstanding balance to reimburse the LCAQD, then member congregations will be levied on a per-head basis for the remainder of the unpaid amount. (Note: this figure will be taken from the LCAQD statistics reported by the congregation in February each year.)

This process is necessary to ensure the LCAQD is not forced into receivership.

c. Process to manage the costs associated with a claim brought against an entity or legacy entity of the LCAQD (i.e. a closed congregation that did not have its own Letters Patent or incorporation) to determine how the LCAQD will pay the cost of such a historic (sexual) abuse claim.

The D.E.O is authorised to use the “Managing Specific Risk” account to pay for costs associated with any one claim and settlement of that claim but must seek approval to do this for any one invoice over \$10,000 and an accumulated amount of \$50,000 and must inform DCB at their next meeting of these payments. Where any one payment (i.e. a settlement figure) exceeds \$10,000 then the D.E.O. must get DCB’s approval to: 1. Make the payment and 2. To use the “Managing Specific Risk” account. There is no limit on the use of the account for any one claim where a claim is made against an LCAQD entity. Where claim and settlement costs associated with a claim made against an LCAQD entity or legacy entity can not be satisfied with funds from the “Managing Specific Risks” account, then member congregations will be levied on a per-head basis for the remainder of the unpaid amount unless otherwise determined by DCB. (Note: this figure will be taken from the LCAQD statistics reported by the congregation in February each year.)

d. LCAQD “Managing Specific Risk” account

How will this fund be funded?

- a) If any LCAQD member congregation resolves to close, and after assets are sold and cash in bank is accounted for, 50% of any surplus funds remaining are directed to this account.
- b) The account will hold a minimum amount of \$250,000 but not more than \$5,000,000.
- c) DCB is authorised to change the account limits from time to time based on the annual review of the fund at the February DCB meeting each year but must report this to the next convention of the Synod.
- d) The Fund will contribute a maximum of 25% of its then holding amount to any one claim made against a congregation as approved by DCB but may not deplete the account less than \$250,000.
- e) If the account has \$250,000 or less in it, DCB may determine to approve use of these funds to pay for costs associated with a claim made against an LCAQD entity or legacy entity, especially where the use of the LCAQD General Purpose account could impose unacceptable financial stress on the LCAQD.
- f) Where DCB declares an “extraordinary circumstances”, it may resolve to use the funds from the “Managing Specific Risks” account to minimise the impact of that extraordinary circumstance, even if that extraordinary circumstance is not directly related to a historic (sexual) abuse claim. If DCB enact this option, they must report this to the next convention of the Synod.

e. Example of when the fund would be needed to be used

Example 1:

A congregation chooses to use Option 2 (in the Decision Table in point 1 above). There is no insurance for this claim. Total out of pocket costs include \$42,000 for legal costs and \$175,000 for agreed settlement. This is a total of \$217,000.

The affected congregation, after prayerful consideration, determine they can manage to contribute \$44,000 from savings, leaving \$173,000. There is \$350,000 in the “Managing Specific Risk” fund making \$87,500 available to the congregation (25% of the available funds in the account ensuring a minimum of \$250,00 remains in the account). DCB approves the use of the account, leaving the congregation a debt of \$85,500 to fund. The congregation choose to take a loan out to cover this cost and pay the LCAQD the remaining amount they owe. The congregation then launch an appeal within their congregation to help fund the loan payments.

Example 2:

A congregation chooses Option 3 (in the Decision Table above) in respect of a claim lodged in 2020/21. Total out of pocket expenses are \$75,000.

The congregation can only afford to contribute \$17,000 to the cost of the claim leaving a debt of \$58,000. There are no funds in the “Managing Specific Risk” account. The congregation cannot get approval for a loan as their income is not sufficient to enable them to pay repayments. The congregation can formally write to DCB and ask for assistance. DCB will consider what options are available to them, including requiring the congregation to sell some property/assets to enable the remaining \$58,000 to be paid.

NOTE: It is normal that the Office of the District is managing between 4 and 6 historic (sexual) abuse claims at any one time and where these cases are not covered by insurance. Each case can have costs range ranging from tens of thousands to hundreds of thousands. This is a real threat to the LCAQD and DCB cannot place the LCAQD in the position of being taken into receivership. Hence congregations must be responsible to pay all costs related to a claim brought against them. The best gift member congregations can give the future members of the LCAQD is to fully implement the LCA Safe Church program.

Related Documents Include:	LCA Risk Management Guide

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