

Diocese of Winona-Rochester Bankruptcy: Talking points

- The Minnesota legislature passed the Child Victims Act repealing the statute of limitations for a period of 3 years, from May 2013 through May 2016.
- As a result, the Diocese was served with 123 lawsuits alleging clergy sexual abuse.
- Given the finite resources of the Diocese, it was determined the most equitable way to compensate all survivors was to seek reorganization in bankruptcy court.
- The Diocese filed a petition seeking reorganization in Minnesota Bankruptcy Court on November 30, 2018.
- The filing deadline for creditor claims (including sexual abuse claims) was April 8, 2019.
- 145 total claims were filed (although there were 2 filed late).
- At approximately the same time, the Diocese also initiated suit against several insurance companies that, since 1967, had provided liability coverage for the Diocese and parishes.
- Once the claim filing deadline passed, and as ordered by the Bankruptcy court, representatives from the Diocese, the Committee of Unsecured Creditors (representing sexual abuse victims), parishes, affiliated entities, and insurers engaged in mediation.
- The goal has always been to achieve a global settlement for all parties. Since May 2019, mediators have held 14 negotiation sessions.
- This process has successfully resolved the amount of the Diocese's contribution, as well as the contribution obligations for all but one insurer.
- Contributions from and on behalf of the Diocese amount to \$21.5 million.
 - Approximately \$13.6 million will come from directly from Diocesan investments and accounts.
 - The remaining \$7.9 million will come from monetization of certain real estate and non-liquid diocesan assets, or other non-diocesan sources.
- The insurance companies that have resolved the Diocese's demands against them will contribute \$6.5 million.
- All liabilities and claims against the Diocese will be channeled into a claimant trust.
- The trust will also take possession of the Diocesan and insurer monetary contributions for distribution to claimants.
- Despite best efforts of all, Diocese was not able to achieve global settlement – one insurance company has not settled with the Diocese and survivors counsel.
- The Diocese will assign its right to proceed with its demands against that insurance company to the survivor trust.
- The trust will also retain any recovery eventually obtained from that insurance company.