



**Actuaries
Institute**

Royal Commission into Institutional Responses to Child Sexual Abuse

Insights Session
7 March 2016

Outline



Background to the Commission

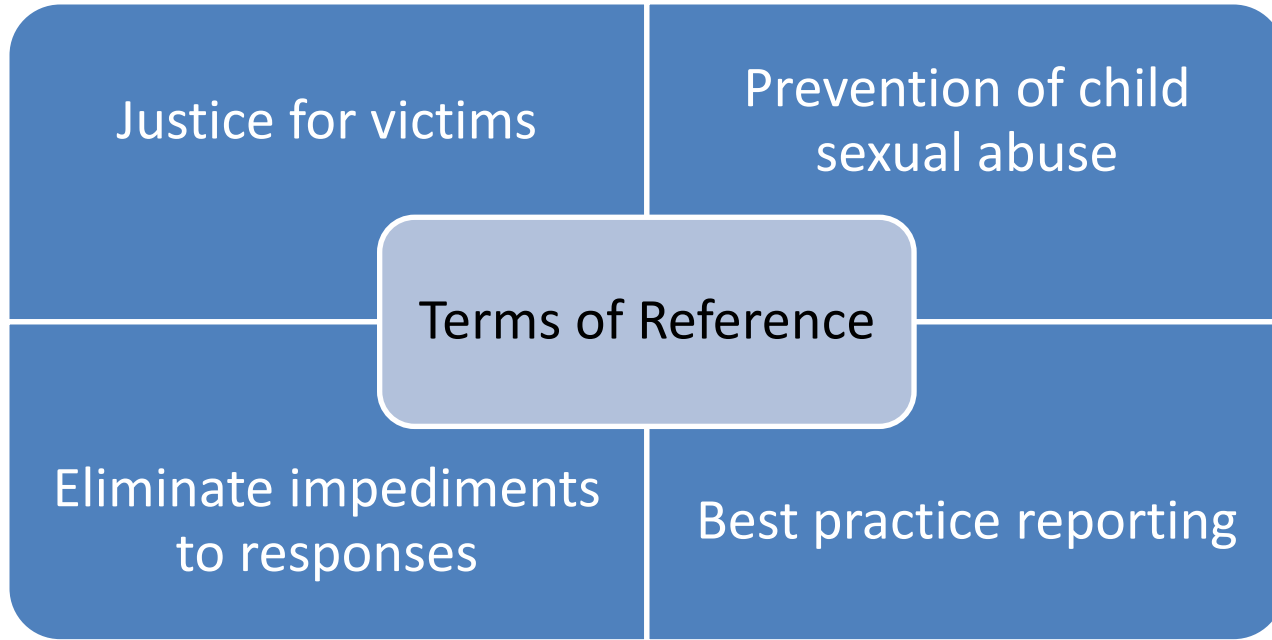
Redress and Civil Litigation

Actuarial Challenges

Background to the Commission

- Established in 2013
- *The purpose of the Royal Commission is to “inquire into institutional responses to allegations and incidents of child sexual abuse and related matters...”*

Background to Commission



Background to Commission



Recommendations on Redress



Single National
Scheme



Reasonable
Likelihood



Monetary
Payment



Direct Response



Counselling

Australian Redress Schemes

- Cover around 12% of participants in a national redress scheme

Scheme	Payments Made (Sexual Abuse)	Average Payment*	Maximum Payment
Queensland ex gratia	2,600	\$13,300	\$40,000
Redress WA	2,891	\$27,600	\$45,000
Tasmanian Abuse in Care	780	\$29,700	\$60,000
Towards Healing	881	\$48,300	n/a
Melbourne Response	310	\$38,800	\$75,000
Salvation Army Procedures	506	\$51,000	n/a

*Queensland and Tasmanian average payments shown include payments covering abuse other than sexual abuse.

Recommendations on Civil Litigation

- Removal of limitation periods
- Identifying a ‘proper defendant’
- Non-delegable duty and ‘reverse onus’ of proof
- Guidelines for responding to claims

Redress vs Civil Litigation

Burden of
Proof

Statute of
Limitations

Issues of Legal
Personality

Cost

Trauma

Vindication +
Justice

Actuarial Challenges

- National Scheme costing
- Insurers and institutions liabilities

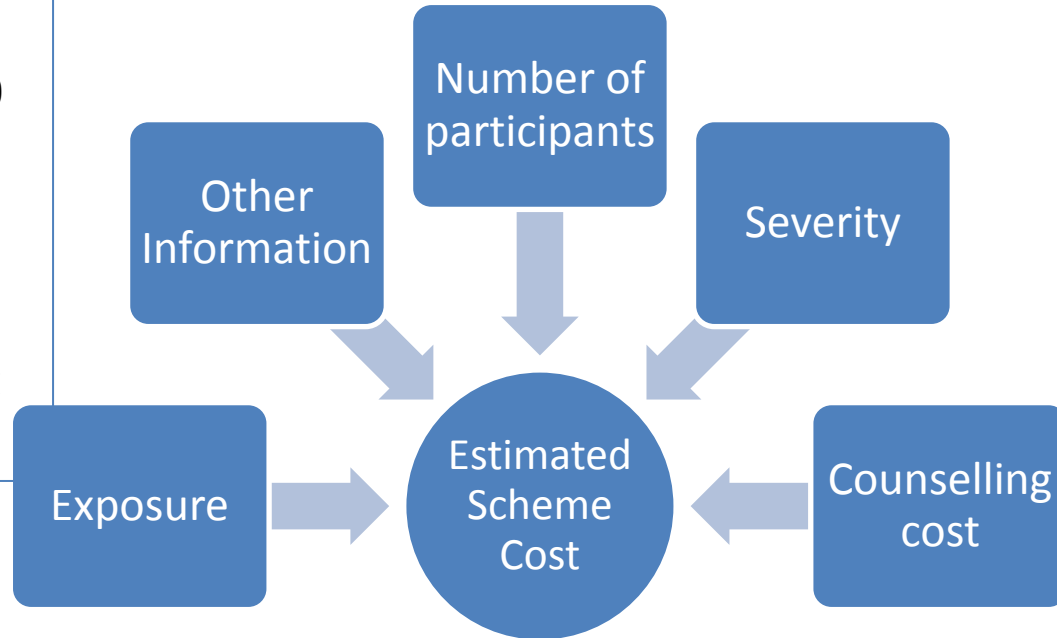
National Scheme Costing

60,000 participants

Average monetary
payment of \$65,000

Average counselling
costs of \$6,000

Total estimated cost
\$4bn



Exposure

- Child populations
- School populations
- Out of home care populations
- Religious populations

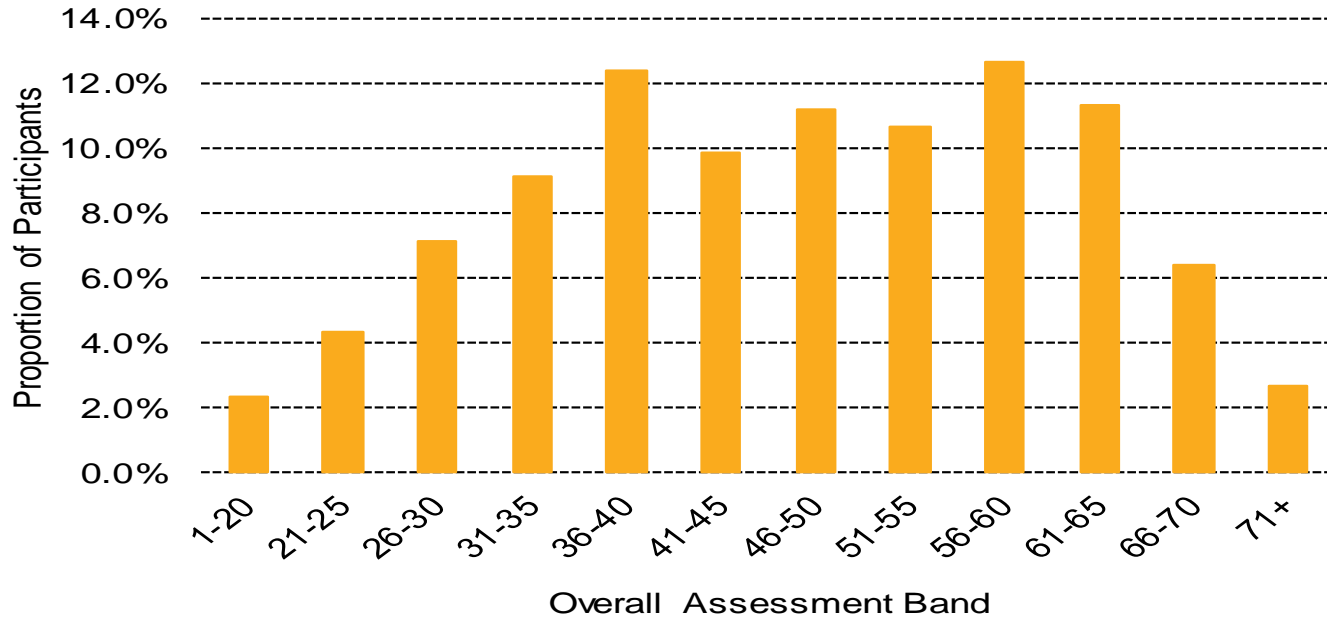
Other Information

- Australian schemes
- Australian civil claims
- Private session information
- Overseas schemes
- Books, literature and academic research
- Victims of crime schemes

Number of Participants Extrapolation Example

Total Number of Participants	5,300							
Sexual Abuse Participants	2,900							
	(Based on Redress WA participant database)							
Coverage	56%				69%			
	Private Sessions (WA)				Claims Project (WA)			
Grossed up for Coverage	5,200				4,200			
WA Population	8%		11%		8%		11%	
	Child Population		Private Sessions		Child Population		Private Sessions	
Grossed up to National	63,200		48,400		51,100		39,100	
Under Reporting	15%	30%	15%	30%	15%	30%	15%	30%
	Irish	Irish x 2	Irish	Irish x 2	Irish	Irish x 2	Irish	Irish x 2
National Estimate	72,700	82,200	55,700	62,900	58,800	66,400	45,000	50,800

Measuring Severity



Counselling Costs

- Proportions of participants utilising counselling over time
- Cost of counselling
- Mortality
- Age profiles

Insurer and Institution Liabilities

- The environment for CSA claims moving forward can be expected to be quite different to the past with higher volumes and higher sizes
- Insurers with liability portfolios are likely to have at least some exposure to CSA and their past experience will not be an indication of the future

How to approach this

- Think about exposure –
 - Segment
 - Years of exposure
 - Relative size of exposure
 - Type of cover (claims made, claims incurred, direct, RI)
- Think about specific perpetrators

