

relevance to the Inquiry, Zurich's customers include organisations in the education, faith and care sectors, public sector and charities.

15. Zurich currently employs approximately 5,000 people in 16 locations throughout the UK including Farnborough, Fareham, London, Birmingham, and Glasgow. Through various mergers and acquisitions where Zurich has inherited legacy businesses (such as Eagle Star Insurance Company Limited, "Eagle Star", which I return to in connection with Q8 below) and in its own name, Zurich has operated in the UK for several decades.
16. There is sometimes confusion between our brand "Zurich Municipal" and the separate organisation, MMI. I have found that this is due, in part, to the similarity of the names "Zurich Municipal" and "Municipal Mutual", as well as to certain aspects of the history of the two companies, and so I set out below some background to the relationship between Zurich Municipal and MMI.

Zurich Municipal as insurer

- (A) In 1993, Zurich began to provide risk and insurance solutions to local authorities, councils and other public sector organisations across England and Wales through our "Zurich Municipal" brand. At that time, Zurich bought a substantial part of MMI's infrastructure and was able to offer insurance renewals to MMI's existing customers. I understand that many of MMI's employees (approximately 1,530) became employees of Zurich although, given the passage of time, most of those employees are no longer employed by Zurich. The nature of Zurich's purchase meant that it assumed no financial liability to any MMI creditor. That responsibility remains entirely MMI's and MMI continues to be a separate organisation. MMI is in the process of "running-off" its remaining liabilities: it has not written new insurance policies since September 1992, but continues to be responsible for insurance written before September 1992.

Zurich Municipal as claims handler for MMI

- (B) In the wider context of the asset purchase and claims administration agreement with MMI in 1993, Zurich agreed to handle claims in respect of most of the insurance policies written by MMI before September 1992. Zurich continues to handle claims on behalf of MMI. The practice has changed from time-to-time depending on the particular circumstances and

preferences of MMI, but MMI retains the right to take over and direct the conduct of a claim which arises from MMI's underwriting. On occasion, MMI will seek to retain abuse claims whereas at other times it has required Zurich to handle abuse claims as agent on its behalf.

Responsibility

17. Zurich's specific obligations to an organisation that it insures are provided for in the relevant insurance policy, which operates as a contract between the parties. The basis of cover in the policy sets out the circumstances in which Zurich agrees to indemnify the insured against successful liability claims made against it.
18. Zurich offers what is commonly known in the insurance industry as "property" and "casualty" insurance. Property insurance typically provides for losses related to a policyholder's own physical property whereas casualty insurance is intended to provide cover for a policyholder against the claims of others. Casualty insurance as a category includes public liability ("PL") insurance. PL insurance can provide a useful social function. It allows organisations of any size to operate, arrange events and organise activities confident that insurers will, subject to policy coverage, pay compensation in circumstances where the organisation is found to be legally liable to a third party. This can include where, for example, someone has been accidentally injured, as well as where abuse has taken place.
19. Insurance policies can provide cover for insurance claims that become known or are notified during the term of the policy. These are known as "**claims-made**" policies. Alternatively, policies can provide cover in respect of incidents occurring during the term of the policy, where insurance claims can be made at any time after the event. These are known as "**claims-occurring**" policies. In Zurich's experience, claims-occurring policies that provide cover in respect of incidents occurring during the term of the policy (no matter when notified) are the more prevalent form of PL insurance for organisations and the majority of Zurich PL insurance policies are written on this basis.
20. PL insurance policies often do not expressly refer to injury arising from abuse, nor provide any specific terms, conditions or exclusion clauses for abuse claims. Rather, claims for abuse tend to be brought under the more general terms in PL insurance policies relating to "*cover against legal liability for accidental injury*". In Zurich's experience, this is the most common form of providing cover for abuse but it is not universal. In some policies, abuse may be defined and specifically included

Q14(e) – A chronology of the litigation

169. As background context, I refer to paragraphs 161 and 167 above in respect of the claims brought in 2003. I understand that these were issued and served in 2009 and settled shortly thereafter, before going to trial. These claims were handled by MMI.

170. I refer again to paragraphs 161 and 167 above regarding the further claims intimated since 2014. So far as we are aware, the claimants have not yet issued proceedings in respect of these claims. These claims are being handled by Zurich on behalf of MMI.

Q14(f) – The main procedural issues

171. As explained above, proceedings involving allegations of sexual abuse have not, to our knowledge, been issued.

Q14(g) – The main legal issues

172. As explained above, proceedings involving allegations of sexual abuse have not, to our knowledge, been issued.

Q14(h) – The length of time the litigation took to resolve and the reasons for this

173. As explained above, proceedings involving allegations of sexual abuse have not, to our knowledge, been issued.

Q14(i) – The outcome of any concluded cases and the reasons for this

174. As explained above, proceedings involving allegations of sexual abuse have not, to our knowledge, been issued.

Q14(j) – How the claims were ultimately resolved

175. As explained above, proceedings involving allegations of sexual abuse have not, to our knowledge, been issued.

Q14(k) – Any other information in relation to the litigation that you consider to be relevant to the Inquiry's investigation

176. Some claims related to abuse which was alleged to have taken place between the 1960s and 1 April 1973, when MMI was not providing insurance in relation to Stanhope. Other claims related to abuse which was alleged to have taken place in the 1970s and up to 1981, when MMI was providing insurance. Yet further claims