

## **INFORMATION FOR INJURED WORKERS REGARDING SETTLEMENT AGREEMENTS**

Workers compensation laws require employers or insurance carriers to pay for injuries arising at work. The Labor Commission is here to make sure that workers compensation laws are followed.

Utah law allows settlements of workers compensation claims. But, the law requires that the Commission approve these agreements. So, even though the injured worker and insurance carrier have come to an agreement, the Commission must still approve it.

There are two kinds of settlement agreements: 1) **Compromise settlements**: used when the parties disagree whether a workers' compensation benefit is owed to the injured worker; and 2) **Commutation settlements**: used when the parties agree that a workers' compensation benefit is owed.

The information the Commission needs is different for each kind of settlement.

**Compromise Agreements:** The Commission makes sure the claim has been denied for a reason the law allows. The Commission will look at each side to see if a real dispute exists and if the compromise is fair.

**Commutation Agreements:** A commutation is an estimate of all the future compensation and medical expenses that will come due on a non-disputed claim. Money is paid to "buy out" the claim. To decide whether the estimate is fair, the Commission looks at information like:

- why a commutation is needed (only allowed under "special circumstances")
- medical opinion estimating future treatment and costs
- nature and severity of injury
- the injured worker's age
- permanent work restrictions because of injury
- how long the injured worker has been medically stable
- injured worker's ability to return to old job or perform new work
- whether the employer is providing permanent modified duty
- length of time injured worker has been working since injury

The Commission may consider all of this information, but still may choose not to approve the commutation agreement, especially if future medical treatment or ability to work are too uncertain.

**The Commission urges injured workers to be cautious in considering a settlement agreement. Approved settlement agreements are final. No more compensation or medical expenses will be paid if the agreement is approved. Please read and carefully consider any agreement before signing.**