



This brochure is intended to answer the most frequently asked questions regarding lump sum settlements. It may not contain a solution to your particular problem and is not intended to substitute for legal advice. The specific facts of your situation may result in interpretations that are different from those presented here. For further information, contact one of our Benefit Analysts.

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**Information on  
Lump Sum  
Settlements**



**What are Lump Sum  
Settlements?**

- The Industrial Commission's role in the lump sum settlement process
- Information on impairment awards and subrogation
- When to seek legal counsel

*Idaho Code 72-404. Lump sum payments. Whenever the Commission determines that it is for the best interest of all parties, the liability of the employer for compensation may, on application to the Commission by any party interested, be discharged in whole or in part by the payment of one or more lump sums to be determined, with the approval of the Commission.*

## What is a lump sum settlement?

A Lump Sum Settlement is a final settlement between the injured worker and the insurance carrier/employer, which allows benefits to be paid all at once instead of over time. Most settlements close all benefits forever. However, it is possible to finalize some types of benefits and leave other benefits (usually medical) open. Once a Lump Sum Settlement is agreed to by all parties and approved by the Commission, the claim finalized by the settlement cannot be reopened for future workers' compensation benefits.

## What is the Commission's role in lump sum settlements?

Idaho Code requires that a lump sum settlement be approved by the Industrial Commission before it can be a legally binding document. Settlements must be in the best interests of all parties, and must be approved by at least two of the three Commissioners.



## Is an impairment award a settlement?

Money paid for your permanent impairment rating is not a final settlement. The money for your impairment rating is yours, whether you agree to a settlement or not. In most situations, once the impairment is paid in full the claim is placed in an inactive or closed status. The claim may be reopened if additional medical treatment is needed for conditions caused by the subject injury, per a physician's opinion. No time limitation applies to medical benefits, but income benefits are normally limited to five years from the date of injury, unless a Complaint is filed with the Commission.

## What should be included in a lump sum settlement?

Since a lump sum settlement will forever close the claim, an injured worker should consider any future costs he believes will arise. Most common are:

- Medically verified future medical costs
- Unpaid impairment balance
- Money for disability related to decreased wage-earning capacity OR retraining costs (income benefits, books, tuition)

## Do you need to seek legal counsel?

An Industrial Commission-approved Lump Sum Settlement is a legally binding agreement. You may want to consider consulting with an attorney to either assist with settlement negotiations or to review a settlement that has previously been negotiated. The Idaho State Bar can provide you names of lawyers in your area who are familiar with workers' compensation issues and related matters.

## What if I have unpaid medical bills related to my injury?

When settling a claim, parties are required to include documentation of any related medical bills that have not yet been paid. The settlement should address whether the bills will be paid by the surety, as part of the settlement, or by the injured worker with the settlement funds.

## What if it is not approved?

The Commission may request additional information or action regarding the claim. Parties have the right to request a hearing to review the settlement and the Commission's decision. If a settlement is not approved the claim remains in pre-settlement status.

## What happens if I do not settle?

- Your medical benefits will remain available.
- Your income benefits may be resumed if you are disabled again by your work injury within the applicable time limitations. The surety may choose to make a lesser offer should you later decide to settle.

## What is subrogation?

Subrogation is the right of a party to be reimbursed for payments made that were actually the responsibility of another party. In a case where another party has made payments on a workers' compensation claim, they may have a right to recover those payments. When considering a lump sum settlement, the Commission will require that any subrogation issues have been fully resolved and any outstanding medical bills have been addressed.

## What is third-party liability?

If a third-party is found to be responsible for a compensable accident, a separate claim may be made and legal action may be taken. An employer cannot be a third party. Recovery made against a third party is subject to subrogation. The workers' compensation insurance carrier has a legal right to reimbursement for all or a portion of the benefits paid. The surety may negotiate and waive all or part of its right to recovery as part of the settlement.