

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel S. Ario,
Insurance Commissioner of the
Commonwealth of Pennsylvania,
Plaintiff

v.

No. 269 M.D. 2001


Reliance Insurance Company,
Defendant

RE: Proof of Claim No. 1183878 – Brian Stanfield

ORDER

AND NOW, this 2nd day of July, 2009, upon consideration of the Referee's Report and Recommendation to overrule Brian Stanfield's Objection to the Liquidator's Amended Notice of Determination, assigning the claim a priority level (b) and an allowed amount of zero, and in the absence of any exceptions thereto, the Report and Recommendation attached hereto as **Exhibit A** is **ACCEPTED AND APPROVED**.

Accordingly, the Objection of Brian Stanfield to the Amended Notice of Determination is hereby **OVERRULED** and the Amended Notice of Determination, is hereby **APPROVED**.


BONNIE BRIGANCE LEADBETTER,
President Judge

Certified from the Record

JUL 06 2009

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. DIANE KOKEN,
INSURANCE COMMISSIONER OF
COMMONWEALTH OF PENNSYLVANIA, : NO. 269 M.D. 2001

Plaintiff,

v.

RELIANCE INSURANCE
COMPANY,

Defendant.

RE: Claim of Brian Stanfield
No. 1183878

FINDINGS OF FACT AND RECOMMENDED DECISION OF THE REFEREE

Background

1. By Order dated September 14, 2007, the undersigned Referee was appointed by this Honorable Court to hear the objection to the Amended Notice of Determination issued by the Liquidator regarding the Claim of Brian Stanfield at Claim Number 1183878.
2. A telephone conference was conducted with the parties on November 27, 2007, during which the parties agreed that testimony need not be taken in this matter.

3. The parties further agreed on November 27, 2007, that the sole issue for determination by the Referee is whether Objector's claim for payment is barred as a result of a workers' compensation settlement agreement to which Objector is a party.
4. The parties were provided additional time, until January 31, 2008, within which to submit additional documents and argument for review by the Referee and following the submission of the same, the record of this action was closed on February 13, 2008.

Findings of Fact

5. On June 15, 1999, Objector sustained an injury to his head after being struck with a rock while on duty with his employer, SPI Security, Inc., as a private security officer in the State of Missouri.
6. Objector filed a workers' compensation claim with the Missouri Department of Labor and Industrial Relations, Division of Workers' Compensation.
7. Reliance Insurance Company had issued a Workers Compensation Insurance Policy to Objector's employer during the period in which Objector sustained the work-related injury.
8. By Order dated May 29, 2001, this Honorable Court placed Reliance Insurance Company into Rehabilitation.

9. By Order dated October 3, 2001, this Honorable Court placed Reliance Insurance Company into Liquidation.
10. On or about January 30, 2002, Objector filed a Proof of Claim in the Matter of Reliance Insurance Company (In Liquidation) asserting a claim for \$6,562.06 in connection with the work-related injury.
11. On May 23, 2002, Objector signed a Stipulation for Compromise Settlement in connection with the workers' compensation claim in which Objector agreed to receive payment in the amount of \$2,357.84, in return for which Objector agreed, in pertinent part, as follows:

THE EMPLOYEE UNDERSTANDS: by entering into this settlement, except as provided by Section 287.140.8 RSMo., the EMPLOYEE is forever closing out this claim under the Missouri Workers' Compensation Law; that EMPLOYEE will receive no further compensation or medical aid by reason of this accident/disease; that EMPLOYEE has the right to a hearing of the EMPLOYEE'S claim, which may result in EMPLOYEE receiving more money or less money than is provided by this settlement; that *EMPLOYER/INSURER and or SECOND INJURY FUND is/are released from all liability for this accident/disease upon approval by the Administrative Law Judge*; EMPLOYEE asks the Administrative Law Judge to approve this settlement and to allow the EMPLOYEE'S attorney fee of N/A% of any amounts recovered by this settlement. The EMPLOYEE elects to receive payment in one lump sum. The PARTIES by their signatures below agree to the settlement, and the PARTIES request and recommend that this settlement be approved.

12. The Stipulation for Compromise Settlement was approved by the

Administrative Law Judge on June 4, 2002.

13. On or about June 11, 2002, the settlement sum of \$2,357.84 was paid.
14. On June 23, 2006, the Statutory Liquidator of Reliance Insurance Company (the "Statutory Liquidator") issued a Notice of Determination assigning Priority Level (b) to Objector's claim pursuant to Section 544 of the Insurance Department Act, 40 P.S. §221.44, and denying payment on the claim.
15. On or about August 22, 2006, Objector filed an Objection to the Notice of Determination and amended the amount of the claim to \$4,204.22.
16. By letter dated September 3, 2006, Objector submitted to the Statutory Liquidator additional materials and amended his claim to \$4,434.46.
17. By letter dated September 7, 2006, the Statutory Liquidator and Objector agreed that the Statutory Liquidator would inactivate the Notice of Determination and Objector would withdraw his Objection and submit additional documentation in support of his claim.
18. Objector's Objection was withdrawn on September 11, 2006.
19. On May 22, 2007, the Statutory Liquidator issued an Amended Notice of Determination denying Objector's claim on grounds that Objector received a full and final payment of \$2,357.84 pursuant to the Stipulation for

Compromise Settlement dated June 4, 2002.

20. On June 22, 2007, Objector filed an Objection to the Amended Notice of Determination on grounds that the workers' compensation judge determined that Objector's claim was worth \$5,894.60 and that there were additional medical bills totaling \$899.30 for a total amount of \$6,793.90. Moreover, Objector averred that he received payment of \$2,357.84, thus leaving a claimed balance of \$4,435.06.

Recommended Decision

It is the recommendation of the Referee that the Objection of Objector be denied and that the Amended Notice of Determination be affirmed.

The uncontradicted evidence establishes that Objector executed a Stipulation for Compromise Settlement on May 23, 2002, in which he accepted, as payment in full, the sum of \$2,357.84 for injuries received in the work-related incident on June 15, 1999. Moreover, Objector released the insurer, Reliance Insurance Company from all liability for payment for the injuries sustained.¹ The Stipulation for Compromise Settlement was approved by the Administrative Law Judge on June 4, 2002. The settlement monies have been paid.

¹The Stipulation for Compromise Settlement allows reopening a settlement agreement where the claimant establishes a need for an artificial body part replacement. V.A.M.S. §287.140.8. This exception does not apply to this case.

Under Missouri statute, parties to claims under the Workers' Compensation Law may enter into voluntary settlement agreements which become valid once approved by an administrative law judge. V.A.M.S. §287.390.1. An administrative law judge shall approve a settlement agreement as valid and enforceable as long as the settlement is not the result of undue influence or fraud, the employee fully understands his rights and benefits, and the employee voluntarily agrees to accept the terms of the agreement. V.A.M.S. §287.390.1.

Objector does not contend that he executed the Stipulation for Compromise Settlement as a result of undue influence or fraud nor does he contend that he did not understand his rights and benefits. Objector does not contend his acceptance of the terms of the agreement was involuntary.²

Instead, Objector's position is that the workers' compensation judge determined that the claim was worth more money than the amount of the settlement and there are unpaid medical bills.³ This argument is of no moment given Objector's voluntary settlement of his claim and approval by the administrative law judge. It is the policy of the law in Missouri that once workers'

²Even if Objector had made such contentions, the disposition of the same would have had to have been made through the Missouri workers' compensation adjudication process.

³Evidence submitted by the Liquidator indicates that all medical bills submitted by Objector have been paid. Evidence submitted by Objector of the workers' compensation judge's determination is in the form of a handwritten note, the author of which is unknown.

compensation settlements are approved they are conclusive and irrevocable.

Haase v. New Hampshire Insurance Company, 795 S.W.2d 543, 545 (Mo.App. W.D. 1990).

Objector further contends that the determination of the validity of the Stipulation for Compromise Settlement must be made under Pennsylvania law. This contention fails. The Stipulation for Compromise Settlement explicitly provides that Objector was operating under and subject to the provisions of the Missouri Workers' Compensation Law (Section 2); that the parties agreed to enter into a lump sum settlement under Missouri law (Section 7); and that Objector understood that he was forever closing out his claim under the Missouri Workers' Compensation Law (Section 9).

Moreover, were Pennsylvania law to be applied the same result would be reached. Choice of law provisions in a contract are to be given effect. Miller v. Allstate Insurance Company, 763 A.2d 401, 403 (Pa. Super. 2000). Objector entered into a Stipulation for Compromise Settlement which clearly provides that it is governed by Missouri law. As such, a Pennsylvania court must follow Missouri law in determining whether the settlement agreement bars Objector's claim. As discussed above, under Missouri law the terms and conditions of the

Stipulation for Compromise Settlement are conclusive and irrevocable.

Respectfully submitted,



Richard C. Seneca, Esquire
Referee