



RINGLER
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Successfully using Structured Settlements in
Liability and Workers' Compensation Claims

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What is a Structured Settlement

A structured settlement is an insurance agreement that provides for periodic payments in lieu of an immediate lump sum.

IRC 104(a)(2) provides for all future payments of a Structured Settlement, even for the life of the claimant, to be guaranteed and considered income tax-free



Why Structured Settlements and Personal Injury claims work well together?

Benefits that are flexible, tax-free and guaranteed!

Structured Settlements allow carriers and insurers the opportunity to offer secure, periodic benefits that go beyond what may be required by the state and federal jurisdictions, including:

- Designed benefits that can be paid as a single lump sum, a certain period or for the life of the claimant.
 - Designed benefits that can increase or decrease periodically to adapt to changing requirements of claimant or statutory laws.
 - Defined benefits that allows the claimant to maintain Social Security Disability and Medicare benefits.
 - Defined benefits that allow the insurer to purchase and transfer, by a licensed insurance company, its liabilities under specific insurance contracts to another licensed insurer (or reinsurance company).
- *Reinsurance or Risk transfer is often used for certain workers' compensation cases.**



Structured Settlement Qualified Assignment Process with MetLife Insurance Company

1. RELEASE:

The defendant/casualty carrier also known as the **(Assignor)** obligates itself to make the periodic payments. The Release also contains language, which allows the Assignor to assign its liability to MetLife Tower Resources Group, Inc. **(Assignee)** and that upon such assignment the Assignor will be released from further responsibility for the future payments.

2. ASSIGNMENT:

The defendant/casualty carrier **(Assignor)**, (with the claimant's consent as described above) assigns its obligation to make the future payments to MetLife Tower Resources Group, Inc. **(Assignee)**. The Assignor is released from further responsibility.

3. ANNUITY PURCHASE:

MetLife Tower Resources Group, Inc. **(Assignee)** purchases an annuity from MetLife Insurance Company **(Annuity Issuer)** to fund its newly acquired obligation and instructs the life company to make the payments directly to the claimant.

4. GUARANTEE LETTER:

MetLife Insurance Company **(Annuity Issuer)** issues a Letter of Guarantee, which guarantees the performance of MetLife Tower Resources Group, Inc. Letter of Guarantee included in annuity policy issued by MetLife Insurance Company.



Advantages of Structuring Personal Injury Claims

- Provides a steady, low-risk source of income.
- Offer a convenient way, through regular payments, to meet the individual claimant's needs and special circumstances.
- In most cases, offers more money over time than a conventional lump sum.
- Maximize settlement funds.



What type of Personal Injury claims should be structured?

- Statutory State and Federal claims including:
 1. Permanent Total Disability claims
 2. Future medical claims, including MSA's
 3. Surviving spousal claims (Death claims)
- Past and future loss wage earning claims
- Minor claims
- Prosthetic replacement



Benefits to Insurance Company/Self Insured

- Spotlight's the concern for providing the claimant with a lifetime financial guarantee.
- May help bridge the gap between demand and offer.
- An ability to transfer statutory legal and liability obligations.
- A means to recapture settlement funds
Reversionary Medical Trust
- Assist with the reduction of administrative and legal expenses



Benefits to Claimant

- Guaranteed, low-risk income stream
- Decreases the potential risk of financial mismanagement of funds.
- Competitive after-tax return (Earnings that become part of a fixed annuity payment, under a structured settlement, are Federal Income tax-free!)
- Increases the settlement benefit.



Benefits to Claimant Attorney

- Eliminates the need for investment management .
- Fulfills obligation to obtain the best resolution for the global claim.
- A settlement tool that can assist with bridging the gap between demand and offer.



Medical Underwriting-“Rated Age”

- Normal life expectancy
- Conditions that reduce claimants normal life expectancy
- Benefits gained by having a “rated age”—lower overall annuity cost or additional periodic benefits to the claimant.



Medical Underwriting Comparison

Male, Date of Birth: 04/15/68
Chronological Age 31 Rated Age 45

1) If dealing with a stated benefit:

\$1,200 per month for life only using chronological age.....Cost is \$233,211
\$1,200 per month for life only using rated age..... Cost is \$208,546

Savings → \$24,665!!

2) If dealing with a stated cost:

Spending \$233,211 using the chronological age = \$1,200 per month for life only
Spending \$233,211 using the rated age = \$1,341.93 per month for life only

Additional \$141.93 in monthly benefit!!



Protecting Collateral Sources

- Special Needs Trust
- Medicare Set-aside Allocations

Protecting future Medicare's interest

Cap future non-Medicare medical exposure by structuring



Annuity Provisions

- Payment frequency
- Inflation adjustment...Cost of Living Adjustment (COLA)
- Forms
 - Life only
 - Life with period certain
 - Period certain
 - Lump sum
 - Joint & survivor



Period Certain Annuity

Example:

Minor, DOB: 08/01/2005, Age 5, College Fund

Stated Cost: \$50,000.00

Period Certain annuity - \$22,768.98 payable annually, guaranteed for 4 years, beginning on 08/01/2023, with the last guaranteed payment on 08/01/2026. (Commencing age 18 and paid to age 21)

GUARANTEED BENEFIT: \$91,076.00 TAX-FREE