



**NERET &
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SENT VIA EMAIL

Ronald Ramsingh
City of Key West
3128 Flagler Ave.
Key West, FL 33040

SUMMARY OF EXPOSURE EVALUATION FOR PUBLIC AGENDA

Re: *Roy Chavez vs. City of Key West*
D/Accident: 03/21/01; 09/10/01; 02/14/02
OJCC Case No.: 02-010630HHH

Dear Mr. Ramsingh:

The following is a summary of the proposed lump sum settlement in the workers' compensation claim of *Roy Chavez vs. City of Key West*. The proposed settlement is payment in the amount of \$171,077.77 inclusive of attorneys' fees plus funding the MSA which will have a cost of \$102,902.00. Therefore, the total settlement if approved amounts to \$273,979.77.

The claimant is a 60-year-old former employee of the City of Key West, who sustained several injuries at work wherein he injured his low back. These injuries were accepted as compensable. On November 13, 2013, the claimant filed a Petition for Benefits seeking Permanent Total Disability Benefits from November 8, 2013 forward. The claimant filed this Petition after he was terminated from his employment as accommodations to his physical restrictions due to his work related accident were no longer possible.

The claimant is seeking Permanent and Total Disability benefits from November 8, 2013 to the present and continuing. Given the facts of this case, there is exposure for PTD. The exposure in this case is that the Judge of Compensation Claims could find him to be Permanently and Totally Disabled. The present value of the future PTD benefits is approximately \$339,940.77. There would also be exposure for past due PTD if the Judge adjudicates the claimant PTD back to November 8, 2013. The amount of this additional exposure is \$65,760.94. The total indemnity exposure is \$405,701.71.

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There is also exposure for future medical treatment as well. Pursuant to the MSA performed by Tower MSA Partners, and approved by CMS, the claimant's future medical needs for medical treatment is estimated to be \$80,819.00. Future prescription medication costs is estimated to be \$57,607.20. As such, total future medical treatment is estimated to cost \$138,426.20.

The total indemnity and medical exposure for this claim is \$544,127.91. This amount does not include exposure for attorney's fees or costs if the claimant were to prevail at trial. A statutory fee associated with the award of PTD in this case would amount to \$41,320.00. The total exposure then including potential fees to the claimant's attorney is \$585,447.91. When there is an MSA involved, cases cannot be settled without satisfying the MSA and CMS requirements, and therefore, the amount of the MSA \$138,426.20 cannot be reduced. Keep in mind that the MSA will not be paid to the claimant in lump sum fashion and will be funded via an annuity. Under the proposed settlement, Employer/Servicing Agent will be responsible for an initial seed payment of \$46,359 and the cost of the annuity for the annual payments amounts to \$56,543.00.

As I previously advised, Stephen A. Pratt, from AIG Excess Workers' Compensation, confirmed that the City of Key West would be fully reimbursed as this file is into excess coverage.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eduardo E. Neret', with a stylized flourish at the end.

Eduardo E. Neret