

SUPREME COURT OF OKLAHOMA

Caffey v. Soloray, Travelers Insurance Co.

Caffey v. Soloray, 57 P.3d 870 (Okla. 2002) · No. No. 96,081 · Decided October 29, 2002

SUMMARY

The Oklahoma Supreme Court held that, under 85 O.S. 1991 § 44(a), an employer and workers' compensation insurer may withhold additional compensation benefits after an injured worker recovers from a negligent third party until a deficiency exists between the net recovery and the compensation benefits due. The court vacated the Court of Civil Appeals' decision and sustained the orders of the Workers' Compensation Court, concluding that the statutory scheme prevents double recovery while protecting subrogation rights.

CASE DETAILS

COURT	Supreme Court of Oklahoma
WRITING FOR THE COURT	Summers, J.; Hargrave, C.J.; Watt, V.C.J.; Hodges, J.; Lavender, J.; Opala, J.; Kauger, J.; Winchester, J.
JURISDICTION	Oklahoma
DECIDED	October 29, 2002
DOCKET	No. 96,081
DISPOSITION	vacated
PROCEDURAL POSTURE	The Supreme Court of Oklahoma granted certiorari to review the Court of Civil Appeals' reversal of Workers' Compensation Court orders that deferred additional compensation payments until the claimant established a deficiency between his third-party recovery and the compensation due under the Workers' Compensation Act.
STANDARD OF REVIEW	The Workers' Compensation Court orders were sustained because they were supported by competent evidence and were not contrary to law.
PRECEDENTIAL VALUE	Published opinion of the Supreme Court of Oklahoma; precedential.
PARTIES	Randy Caffey v. Soloray, Travelers Insurance Co., Workers' Compensation Court

TOPICS

workers compensation

insurance

statutory interpretation

appellate procedure

remedies

PRACTICE AREAS

workers compensation

insurance

statutory interpretation

appellate procedure

remedies

QUESTIONS PRESENTED

1. Whether 85 O.S. 1991 § 44(a) permits an employer and its insurer to defer additional workers' compensation benefits until the claimant establishes a deficiency between the net amount recovered from a third-party tortfeasor and the compensation provided or estimated under the Workers' Compensation Act.
2. Whether the settlement agreement's release of the employer's and insurer's subrogation rights also waived their statutory right to defer payment of further workers' compensation benefits to prevent a double recovery.

HOLDINGS

1. When an injured worker recovers from a third-party tortfeasor an amount exceeding the workers' compensation benefits paid or estimated for the injury, the employer or insurer may defer further compensation payments until the worker establishes a deficiency between the net third-party recovery and the compensation due under the Act.
2. An agreement releasing the employer's and insurer's subrogation interest and settling their rights to reimbursement does not waive their separate statutory right under § 44(a) to defer additional compensation payments until a deficiency exists, absent a clear agreement to relinquish that right.

KEY QUOTATIONS

“Likewise, in our case Soloray and Travelers are entitled to withhold additional compensation benefits until a deficiency occurs between the net sum recovered by the claimant and the amounts due him under Workers' Compensation law.” (at 874)

“In a case such as this where injuries are caused by the negligence of a third party, Section 44 is designed to protect the subrogation rights of the employer and its carrier to the extent of the compensation benefits paid the injured worker, and also to guard against the employee receiving double recovery for his injury, one from the employer and one from the tortfeasor.” (at 873)

FACTUAL BACKGROUND

Caffey suffered severe accidental injuries in August 1997 when a tire came off a company car he was driving for Soloray. While his workers' compensation claim was pending, he sued Wal-Mart, which had installed the tire, and settled those negligence actions for \$300,000. Soloray and Travelers accepted \$85,000 from the settlement in exchange for releasing their subrogation rights relating to \$128,718 in compensation benefits already paid. The settlement agreement did not release Caffey's workers' compensation claims.

PROCEDURAL HISTORY

Caffey was receiving workers' compensation benefits after an on-the-job injury and later settled third-party negligence claims against Wal-Mart for \$300,000. Soloray and Travelers received \$85,000 in settlement

proceeds in satisfaction of their subrogation interest. The Workers' Compensation Court and its three-judge panel held that further compensation payments could be deferred until Caffey established a deficiency exceeding the net settlement proceeds he retained. The Court of Civil Appeals reversed and directed resumption of benefits. The Supreme Court granted certiorari, vacated the Court of Civil Appeals' opinion, and sustained the Workers' Compensation Court orders.

DISPOSITION

vacated

CASES CITED

- Prettyman v. Halliburton Co., 1992 OK 63, 841 P.2d 573
- Parkhill Truck Co. v. Wilson, 1942 OK 168, 125 P.2d 203
- Milliser v. Mercury Drilling Co., 1987 OK CIV APP 22, 738 P.2d 962
- Keeney v. TTC Illinois, Inc., 2002 OK CIV APP 48, 46 P.3d 192