

SUPREME COURT OF MISSOURI

St. Louis Board of Education v. Shannon

640 S.W.2d 121 (Mo. banc 1982) · Decided October 12, 1982

SUMMARY

The Missouri Supreme Court considered whether section 287.150(3) of the Missouri Revised Statutes, governing subrogation and distribution of proceeds in a workers’ compensation claimant’s third-party recovery, was unconstitutional. The court held that the statute was constitutional and adopted the allocation method previously established in Ruediger v. Kallmeyer Bros. Service. The judgment was reversed and the case remanded.

CASE DETAILS

COURT	Supreme Court of Missouri
WRITING FOR THE COURT	Higgins, J.; Donnelly, C.J.; Rendlen, J.; Seiler, J.; Welliyer, J.; Morgan, Senior Judge
JURISDICTION	Missouri
DECIDED	October 12, 1982
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The employer and its insurer appealed from a circuit court judgment denying their claimed subrogation rights in proceeds from an employee's third-party common-law recovery and declaring section 287.150(3), RSMo 1969, unconstitutional.
STANDARD OF REVIEW	De novo review of the statute's constitutionality and construction.
PRECEDENTIAL VALUE	Published, precedential opinion of the Supreme Court of Missouri.
PARTIES	St. Louis Board of Education, Employer and insurer v. Henry Shannon

TOPICS

- workers compensation
- subrogation
- statutory interpretation
- constitutional law
- remedies

PRACTICE AREAS

- Workers' compensation
- Insurance
- Statutory interpretation
- Constitutional law
- Subrogation

QUESTIONS PRESENTED

1. Whether section 287.150(3), RSMo 1969, governing the employer and insurer's subrogation rights in a third-party workers' compensation recovery, was unconstitutional because it was vague, indefinite, or violated equal protection or due process.
2. If the statute was constitutional, what formula governed distribution of the third-party recovery between the employee and the employer and insurer.

HOLDINGS

1. Section 287.150(3) is constitutional because it does not clearly contravene the Missouri Constitution and is not so confusing that its legislative intent cannot be reasonably discerned.
2. The distribution formula stated in Ruediger governs the parties' third-party recovery: deduct third-party litigation expenses, apportion the balance according to the ratio of compensation paid by the employer to the total third-party recovery, pay the amounts due forthwith, and treat the employee's payment as an advance against future compensation subject to the statute.

KEY QUOTATIONS

“(1) The expenses of the third party litigation should be deducted from the third party recovery; (2) the balance should be apportioned in the same ratio that the amount paid by the employer at the time of the third party recovery bears to the total amount recovered from the third party; (3) the amounts due each should be paid forthwith; (4) the amount paid the employee should be treated as an advance payment on account of any future installments of compensation; and (5) in a case such as presented here, the employee should be entitled to future compensation benefits in the event the amount paid him as an advance is exhausted under the provisions of the statute.” (122)

FACTUAL BACKGROUND

Henry Shannon, a teacher at Harris Teachers College, was injured when he slipped on ice while traveling to classes at Washington University, which he was required to attend to obtain a graduate degree. He received \$5,538.90 in workers' compensation benefits and recovered \$10,000 in a third-party common-law action against Washington University. His employer and its insurer sought subrogation from the third-party recovery under section 287.150(3), RSMo 1969.

PROCEDURAL HISTORY

Shannon received workers' compensation benefits and separately recovered \$10,000 in a common-law action against Washington University. The employer and insurer sought a declaration of their subrogation rights. The circuit court denied subrogation, held section 287.150(3) unconstitutional, and alternatively adopted a different apportionment formula. The Supreme Court of Missouri reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Apply the section 287.150(3) allocation formula adopted in Ruediger to distribute the third-party recovery.

CASES CITED

- Diemer v. Weiss, 343 Mo. 626, 122 S.W.2d 922 (1938)
- Prokopf v. Whaley, 592 S.W.2d 819 (Mo. banc 1980)
- Ruediger v. Kallmeyer Bros. Service, 501 S.W.2d 56 (Mo. banc 1973)

Retrieved from lawtools.ai · <https://lawtools.ai/cases/state/missouri-supreme-court-of-missouri/1982/st-louis-board-of-education-v-shannon-utk279a3>