

Tennessee Court Denies Transfer of Workers' Compensation Payments

The Chancery Court of Anderson County, Tennessee has issued an order denying a payee's transfer of workers' compensation settlement payments. In the matter of *R & P Capital Resources, Inc. and Donald Watson*, No. 12-CH-3896 (Tenn. Chan. Ct. June 19, 2012), Judge William E. Lantrip held that (i) workers' compensation payments are not within the definition of "structured settlement" under the Tennessee Structured Settlement Protection Act, Tenn. Code Ann. § 47-18-2601, *et seq.* (TN SSPA), and (ii) the transfer of payments received as the proceeds of a workers' compensation settlement is prohibited by the clear language of the Tennessee Worker's Compensation Law, Tenn. Code Ann. § 50-6-101, *et seq.* (TN WCL).

On December 19, 2011, Donald Watson entered into a Sale and Assignment Agreement (the Purchase Agreement) with R & P Capital Resources, Inc. (R & P). Under the Purchase Agreement, Mr. Watson purported to sell the right to receive certain periodic payments due to him pursuant to a workers' compensation settlement agreement effectuated in June 2008. The Prudential Assigned Settlement Services Corporation, the obligor under the workers' compensation settlement, and Prudential Insurance Company of America, the annuity issuer (collectively, Prudential), objected to the proposed transfer on the grounds that, *inter alia*, R & P failed to invoke the court's jurisdiction because the TN SSPA only confers jurisdiction to consider the transfer of payment rights arising from tort claims, not workers' compensation claims, and the proposed transfer violated the clear anti-assignment language of the TN WCL.

The TN SSPA provides, in pertinent part, that a "structured settlement" is defined as "an arrangement for periodic payment of damages for personal injuries established by settlement or judgment in *resolution of a tort claim*." Tenn. Code Ann. § 47-18-2602(11) (emphasis added). The court found that this clear language did not apply to a workers' compensation settlement. Furthermore, the TN WCL provides that "[n]o claim for compensation under this chapter shall be assignable, and all compensation and claims for compensation shall be exempt from the claims of creditors." Tenn. Code Ann. § 50-6-223(a). Despite arguments by the factoring company that this anti-assignment provision does not apply to workers' compensation payments, Judge Lantrip disagreed, holding instead that the proposed transfer was prohibited by the clear language of the TN WCL.

To view the order, click [here](#). Prudential was represented by Stephen R. Harris and Thomas L. Mueller of Drinker Biddle & Reath LLP.

If you have any questions regarding this matter, or if we can be of any assistance in resolving other pending issues, please do not hesitate to contact:

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