

Structured Settlement Update

United States Court of Appeals for the Third Circuit affirms summary judgment in favor of an annuity owner and annuity issuer in a case addressing the use of arbitrations to effect transfers of structured settlement payment rights.

The United States Court of Appeals for the Third Circuit agreed with a district court that neither the annuity owner nor the annuity issuer were bound by arbitration awards, which purported to give effect to a transfer of structured settlement payment rights. The Court declared, “[w]e are one of many courts to face [this factoring company’s] transparent attempts to use this arbitration scheme to evade the legislatures’ intentions to protect the recipients of structured settlement payments.” *Allstate Settlement Corporation and Allstate Life Insurance Company v. Rapid Settlements, Ltd., et. al* 2009 WL 514080, *7, (3rd Cir.(Pa.) Mar 03, 2009) (NO. 07-3224). The Court found that the factoring company’s use of arbitration and court confirmation of the awards to effectuate the purported transfer agreements violated Pennsylvania’s transfer act, and it affirmed summary judgment. The annuity owner and annuity issuer were represented by Stephen R. Harris and Katherine L. Villanueva of Drinker Biddle & Reath LLP.

At Drinker Biddle, we are not only familiar with the legal issues involved in the context of this case, but we have also been addressing many other issues in the structured settlement arena for the past decade. If we can be of any assistance in answering further questions on this topic or resolving pending issues, please do not hesitate to contact Stephen R. Harris at Stephen.Harris@dbr.com or (215) 988-2806, or your regular Drinker Biddle contact.

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