

**342.265 Compensation agreement -- Approval by administrative law judge -- Lump-sum payments -- Reopening as remedy for disagreement -- Abatement of application for resolution.**

- (1) If the employee and employer and special fund or any of them reach an agreement conforming to the provisions of this chapter in regard to compensation, a memorandum of the agreement signed by the parties or their representatives shall be filed with the commissioner, and, if approved by an administrative law judge, shall be enforceable pursuant to KRS 342.305. Where all parties have not joined in the settlement agreement, it shall not be approved unless it is certified that the party not participating in the settlement has been served with a copy of the agreement not less than ten (10) days prior to submission of the agreement for approval. This provision shall not be construed to prevent the voluntary payment of compensation for the periods and in the amounts prescribed by this chapter, but nothing shall operate as a final settlement except a memorandum of agreement filed with the commissioner and approved by the administrative law judge. Upon claims settled after December 12, 1996, the special fund shall have the option of settling its liability for income benefits on the same terms as those reached between the employee and employer. Notice of the special fund exercise of the option granted in this subsection shall be made by letter of the director of the Division of Workers' Compensation Funds mailed to the parties within ten (10) days of receipt by the director of a copy of the agreement.
- (2) Settlement agreements concluded after July 14, 2000, providing for commuted lump-sum payment of future income benefits which would otherwise be payable in amounts greater than one hundred dollars (\$100) per week shall not be approved unless there is reasonable assurance that the worker will have an adequate source of income during disability. This subsection is remedial and applies to all pending and future claims.
- (3) Upon lump-sum settlement of future periodic payments, the discount rate used in the calculation of the settlement amount shall be fixed by the commissioner. Before January 1 of each year commencing in 2001, the commissioner shall fix the discount rate to be utilized in the succeeding year based at one-half of one percent (0.5%) below the interest rate paid upon ten (10) year United States Treasury notes as of August 1 of the preceding year. However, upon lump-sum settlement of future periodic payments in weekly amounts that are forty dollars (\$40) or less, the commissioner shall fix the discount rate used in the succeeding year based at the interest rate paid upon ten (10) year United States Treasury notes as of August 1 of the preceding year.
- (4) If the parties have previously filed an agreement which has been approved by the administrative law judge, and compensation has been paid or is due in accordance therewith and the parties thereafter disagree, either party may invoke the provisions of KRS 342.125, which remedy shall be exclusive.
- (5) An application for resolution of claim shall be held in abeyance during any period voluntary payments of income benefits are being made under any benefit sections of this chapter to the maximum which the employee's wages shall entitle unless it shall

be shown that the prosecution of the employee's claim would be prejudiced by delay.

**Effective:** July 14, 2018

**History:** Amended 2018 Ky. Acts ch. 40, sec. 6, effective July 14, 2018. -- Amended 2010 Ky. Acts ch. 24, sec. 1808, effective July 15, 2010. -- Amended 2002 Ky. Acts ch. 246, sec. 4, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 514, sec. 16, effective July 14, 2000. -- Amended 1996 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 11, effective December 12, 1996. -- Amended 1990 Ky. Acts ch. 2, sec. 1, effective July 13, 1990. -- Amended 1987 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 30, effective January 4, 1988. -- Amended 1960 Ky. Acts ch. 147, sec. 14, effective June 16, 1960. -- Amended 1952 Ky. Acts ch. 182, sec. 10. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4931.