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February 10, 2021

VIA E-MAIL

Ms. Cindy Lawrence
City of Pompano Beach
Post Office Drawer 1300
Pompano Beach, FL 33061

RE: JOHN POAG, JR. vs. CITY OF POMPANO BEACH
Claim No: PB-12-010139
Date of Accident: 7/19/2012
Our File No: 024822

Dear Ms. Lawrence:

Per the directive of AmeriTrust, the excess carrier, and Christopher Pangallo, the assigned AmeriTrust adjuster, the parties attended a Private Mediation on November 6, 2020 with regard to the above-referenced claim. After lengthy settlement negotiations and, at the instruction of AmeriTrust, the parties were able to negotiate a settlement in the amount of \$250,000.00 inclusive of attorney's fees and costs.

The terms of the settlement are as follows:

1. The E/C/SA will pay the claimant the sum of \$250,000.00, out of which he will pay his attorney a fee of \$25,750.00 and costs of \$425.00, thereby netting \$223,825.00.
2. Out of the above amount, AmeriTrust will issue a reimbursement check to the City of Pompano Beach in the estimated amount of \$145,000.00.
3. The claimant will establish a self-administered MSA (Medicare Set-Aside) from his net settlement proceeds, which has since been approved by CMS for \$40,260.00.
4. This includes all dates of accident with the City of Pompano Beach.

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5. The claimant will execute a General Release for any and all employment-based causes of action, not to affect any vested benefits and/or rights, including pension benefits.

Settlement of this claim for a total of \$250,000.00 will result in significant savings to the City of Pompano Beach.

BACKGROUND OF CLAIM: The claimant is a [REDACTED] year-old former Electrical Inspector who was initially hired by the City of Pompano Beach on July 9, 2007. He injured his cervical spine in a compensable motor vehicle accident when his vehicle was rear-ended at a stop sign on July 19, 2012. The claimant was initially diagnosed with a cervical spine strain by his orthopedic, Dr. Andrew Ellowitz, but an MRI scan revealed a herniated disc at C5-C6. After several months of conservative treatment, the claimant was released at maximum medical improvement with a 5% permanent impairment rating on March 26, 2013.

The claimant continued to work for the City of Pompano Beach in a desk job until he started to have additional issues with his cervical spine. He began to treatment with a pain management provider and was placed on a no work status as of May 19, 2017. The claimant was examined by Dr. Neil Schechter, orthopedic spine surgeon, on July 20, 2017. Dr. Schechter recommended the claimant undergo an anterior cervical fusion at the C3-C4, C4-C5, and C5-C6 levels but the claimant declined the surgery. On August 29, 2017, Dr. Ellowitz indicated that the claimant was permanently and totally disabled as he was not capable of performing even sedentary duty work.

The claimant never returned to work and relocated to Kansas in December 2017. He continues to treat with an out-of-state pain management physician, Dr. Own, who has diagnosed him with chronic pain syndrome and regularly prescribes medications for him.

ESTIMATED FUTURE EXPOSURE: The claimant was administratively accepted as permanently and totally disabled as of October 24, 2017 after his attorney filed a Petition for Benefits requesting PTD benefits. Based on the claimant's past work experience, injuries, work restrictions and education, it would have been highly likely that a Judge of Compensation Claims would have awarded PTD benefits if the claim had been litigated. The timely and administrative acceptance of the claimant as PTD enabled the City of Pompano Beach to avoid paying a significant attorney's fee to opposing counsel.

According to the payment history through February 10, 2021, a total of \$142,881.67 has been paid in indemnity benefits; a total of \$59,998.83 has been paid in medical benefits; and a total of \$41,332.87 has been paid in expense, for a total payout of \$244,213.37. If the claim is not settled, the claimant will continue to receive permanent total disability benefits in the amount of \$41,756.00 per year or \$1,606.00 every two weeks until the age of 75 and medical benefits for life. The present day value of the remaining PTD benefits using a 2% discount factor is \$329,248.83. The gross amount payable for future PTD benefits is \$358,138.00.

With regard to the future medical exposure, the average paid per year since the inception of the claim has been approximately \$7,325.00. In the past two years, the annual medical expenses have averaged about \$5,115.00. With a normal life expectancy of 17.9 years, if the claim is not settled, the future medical exposure can be estimated at \$91,558.50 with a present day value of \$64,232.61 based on a 2% discount factor. Even with a rated age of 70 and a remaining life expectancy of 15.5 years, if the claim is not settled, future medical expenses can be estimated at \$79,282.50 with a present day value of \$58,327.68 based on a 2% discount factor.

In summary, I have estimated the future exposure in this case as follows:

BENEFIT	PRESENT DAY VALUE	GROSS EXPOSURE
Future PTD Benefits	\$329,248.83	\$358,138.00
Future Medical	\$ 58,327.68	\$ 79,282.50
TOTAL	\$387,576.51	\$437,420.50

CONCLUSION: At the directive of AmeriTrust, the excess carrier, the parties were able to reach a settlement of \$250,000.00 inclusive of attorney's fees and costs at the Private Mediation. The settlement will result in savings of at least \$137,576.51 on the present day value of the estimated future exposure on the case and \$187,420.50 on the estimated gross future exposure on the claim.

Therefore, since AmeriTrust will be issuing a reimbursement check in the estimated amount of \$145,000.00 to the City of Pompano Beach, it is my opinion that the settlement of \$250,000.00 inclusive of attorney's fees and costs is in the best interest of the City of Pompano Beach as it will result in significant savings to the City of Pompano Beach.

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Thank you for your kind attention to this matter. Should you have any questions regarding my recommendations, please do not hesitate to contact me.

Very truly yours,

/s/ Marybell Rajo

Marybell Rajo
For the Firm

MR/mr

cc: Ms. Danielle Thorpe, City of Pompano Beach
Mr. William Switalski, CorVel Corporation