

Can You Settle Your New York Workers' Compensation Case With a Section 32 Agreement?

Our New York workers' compensation lawyers explain how these waiver settlements work

A Section 32 waiver agreement can seem like a lifeline when your [New York workers' compensation](#) case has dragged on for months or years. But what might seem like a great solution can also close the door on benefits you may need later. That's why these agreements often become one of the most important decisions in the claim process. Once the Workers' Compensation Board approves a Section 32 waiver agreement, the settlement becomes final, and that part of the claim generally cannot be reopened.

That's why it's critical that injured workers have an experienced New York workers' compensation attorney on their side who understands how Section 32 waiver agreements work. At [Pasternack Tilker Ziegler Walsh Stanton & Romano LLP](#), our lawyers have extensive experience dealing with Section 32 waivers and understand the pros and cons of such complex legal agreements.

What is a Section 32 waiver agreement?

A [Section 32 waiver agreement](#) is a negotiated settlement between the injured worker and the insurance carrier. The New York State Workers' Compensation Board explains that it can settle indemnity benefits, medical benefits, or both, and it usually does so in exchange for a lump sum payment or an annuity. However, the Board also warns that this is a serious decision that should be considered carefully.

That definition matters because many workers hear "settlement" and assume every part of the case closes the same way. That's not always true. A Section 32 agreement can be structured in different ways depending on what the parties agree to resolve.

The state's rules and regulations involving Section 32 waiver agreements can be found in [New York Workers' Compensation Law § 32](#). A Section 32 agreement may include:

- A settlement of indemnity benefits only, which usually means the wage-loss portion of the case is closed but medical treatment stays open.
- A settlement of both indemnity and medical benefits, which means future lost-wage benefits and future medical care for the covered injury are both closed.
- Payment through a lump sum or an annuity, depending on the agreement.
- An allocation identifying what part of the settlement is for compensation, what part is for medical benefits, and what part is for attorney's fees. New York Workers' Compensation Law § 32 requires that breakdown in the offer.

That last point is important. Not every dollar in a Section 32 agreement means the same thing, and the structure can affect what rights you are giving up.

Why insurance carriers push Section 32 agreements

Insurance carriers don't offer Section 32 agreements out of generosity. They often offer them because a settlement creates certainty for the carrier. Instead of paying for weekly benefits, authorizing medical treatments, fighting over permanency, or risking future exposure, the carrier can cap its financial obligation and close out some or all of the claim. The New York statute even requires carriers to offer claimants the opportunity to enter into a [Section 32 agreement](#) within certain timeframes, such as within two years after indexing or six months after permanent disability classification, whichever is later in disability cases.

That does not mean every Section 32 offer is bad. It does mean every offer should be carefully analyzed and reviewed before being signed by an injured worker. Here's why these agreements come up so often:

- The carrier may want to close a case involving expensive future treatment, including surgery, injections, or long-term medication. The Board specifically suggests that injured workers think carefully about future treatment needs before settling medical benefits.
- The carrier may want to stop exposure on ongoing wage-loss benefits, especially in a claim involving permanent partial disability.
- The carrier may believe the worker needs cash now and will trade long-term protection for short-term relief.
- The carrier may see unresolved issues, such as medical disputes or work restrictions, as leverage during negotiations.

A Section 32 agreement offer can feel comforting, but depending on the language, it can also be extremely dangerous and costly for injured workers and their families.

When a Section 32 waiver agreement might make sense

There are cases in which a Section 32 waiver agreement is a practical solution. Sometimes, an injured worker wants closure. Sometimes, a person's medical condition has stabilized. Other times, the person wants to avoid years of continued litigation. [New York's Workers' Compensation Board's Section 32 Waiver Agreements FAQ](#) makes clear that such settlements are optional, not mandatory, and that the parties can negotiate what's included.

For example, imagine a New York City electrician who has already gone through treatment, returned to work in some capacity, and does not expect major future care beyond periodic checkups. If the dispute in the case is mostly about the value of remaining indemnity exposure, an indemnity-only Section 32 agreement that leaves medical open may be worth serious discussion. That worker may prefer a negotiated payout over ongoing hearings and uncertainty.

In other situations, a full closeout may be considered if the worker and doctor genuinely believe future treatment needs are limited and well understood. But that kind of decision should be grounded in medical reality, not fatigue.

A Section 32 agreement may be worth considering when:

- Your condition is relatively stable and the likely cost of future treatment is predictable.
- You understand exactly which benefits will stay open and which will close.
- The offer reflects the real value of your remaining wage-loss and medical exposure.
- You have reviewed the agreement with a New York workers' compensation lawyer and understand the consequences.
- You are not settling simply because you are frustrated, scared, or under financial pressure.

When a Section 32 waiver agreement can be a serious mistake

The most dangerous Section 32 waiver agreements are often the ones signed by workers who are tired of the system and just want the case over with. That feeling is understandable. Workers' compensation in New York can be time-consuming and exhausting. But exhaustion is not a strategy.

A settlement can become a major mistake when the worker still has uncertain medical needs. The Board expressly advises injured workers to talk with their treating physician and consider future medical treatment, including surgery, before deciding to settle medical benefits. The Board also notes that if medical care is settled, the injured worker will no longer have that future treatment covered by the carrier.

This is where problems often begin:

- The worker still may need surgery, but the timing is unclear.
- The treating doctor expects future injections, therapy, medication, or pain management.
- The worker does not yet know whether the disability will worsen.
- The offer sounds large in one moment but is small compared to years of future exposure.
- The worker is eligible for Medicare now or may become eligible later, raising additional issues about protecting Medicare's interests through a Medicare Set-Aside in some cases. The Board's FAQ and guidance both discuss this concern.

A full medical closeout in the wrong case can feel like cashing a check written against your own future health. That's why it's important for injured workers to carefully weigh the pros and cons of any Section 32 waiver agreement offer before signing it.

How the Section 32 waiver approval process works in New York

A Section 32 waiver agreement is not final just because the worker signs it. Under Workers' Compensation Law § 32, Board approval is required before the agreement becomes binding. The Board reviews some agreements through a hearing process and some through desk review. The Board explains that desk review may be used in certain circumstances, including many indemnity-only settlements involving represented claimants and cases where all parties request desk review. In 2024, the Board also announced broader use of desk review for many represented claimants whose gross settlement amount is \$10,000 or less.

The process usually includes:

- Submission of the required Section 32 forms to the Board, including claimant-release and consent documents. The Board's Section 32 page lists the mandatory forms.
- Board review by hearing or desk review, depending on the circumstances.
- Scrutiny of the agreement to determine whether it is unfair, unconscionable, or improper as a matter of law. That standard appears in the Board's guidance discussing Workers' Compensation Law § 32(b)(1).
- A period during which the parties may withdraw in certain circumstances before the agreement becomes final and binding. The Board's guidance references the 10-day period after approval, and the FAQ states that once the agreement becomes final, the insurer has 10 calendar days to issue the payment.

That means the agreement does not become final at the first signature. But once it becomes final, the stakes are very real.

What happens to attorney's fees in a Section 32 agreement?

Attorney's fees in workers' compensation cases are not handled the same way many injured workers expect. Under Workers' Compensation Law § 24, the Board approves attorneys' fees. The Board's Section 32 guidance states that in Section 32 agreements, the attorney's fee is deducted from the award and is 15% of the amount of benefits to be paid under the agreement, excluding amounts allocated for future medical expenses. It also states that previously awarded and unaccrued attorneys' fees are waived.

That is one reason the settlement breakdown matters. If the medical portion is being resolved, the agreement should identify the amount allocated to future medical expenses. The Board says it will closely scrutinize agreements that settle indemnity and medical benefits but do not provide a medical allocation of at least 10% of the gross settlement amount, unless the facts

justify otherwise. Details like these are easy to miss when a worker is focused only on the gross number.

Commonly misunderstood issues in Section 32 waiver agreements

One of the biggest misunderstandings is the belief that the Board negotiates settlements. It does not. The Board's FAQ says the Board does not get involved in negotiating the terms because settlement is optional. The Board's role is approval, not bargaining on your behalf.

Another misunderstood point is that the carrier cannot hide side deals outside the agreement. The Board's guidance says it will disapprove a Section 32 agreement if it becomes aware of separate agreements or conditions that are not included in the submitted settlement terms.

A third major issue is the status of unfiled or unestablished claims. The Board's guidance says it will not permit a claim that has not been filed, assembled by the Board, and assigned a WCB case number to be closed through Section 32. It also says the Board will not approve language saying a claim is "disallowed" by stipulation, though a claimant may withdraw an unestablished claim. These are not small technicalities. They can shape what and how a case is settled.

How a New York workers' compensation lawyer can help with a Section 32 waiver

A Section 32 waiver agreement is often the point where a workers' compensation case stops being about routine benefits and starts being about long-term consequences. The question is not just "How much is the offer?" The real questions are harder. What future treatments are you risking? Is the medical allocation enough? Should your medical benefits remain open? Are you settling a strong permanency case too cheaply? Are Medicare issues lurking in the background? Have all side conditions been disclosed? These are important questions that require skilled legal guidance.

At Pasternack Tilker Ziegler Walsh Stanton & Romano LLP, our New York City workers' compensation attorneys understand how Section 32 waiver agreements work and how they can affect real workers throughout New York City. A home health aide in the Bronx may need future shoulder surgery. A laborer in Staten Island may not yet understand the long-term impact of a back injury. A sanitation worker in Brooklyn may be looking at a number that sounds substantial now but doesn't come close to covering future medical expenses. Our New York workers' compensation lawyers look beyond the headline figure because that is where many bad settlements hide their true costs.

If you're being offered a Section 32 waiver agreement, make sure you take that settlement offer seriously before you sign anything. It may be the most important financial and medical decision you make in your workers' compensation case. [Contact us](#) to speak with a New York workers' compensation lawyer who can review the agreement, explain what rights you would be giving up, and help you decide whether the settlement truly protects your future. Schedule an appointment at one of our 11 office locations throughout New York.