

MEMORANDUM OF UNDERSTANDING

This is a memorandum of understanding between _____ and the State of Oregon, Department of Consumer and Business Services, Workers' Compensation Division. As used in the memorandum of understanding, "self-insured employer" means _____ and all subsidiaries and affiliated entities approved by the department and included in the employer's self-insurance certification and any new entities approved by the department and included in the employer's self-insurance certification.

WHEREAS, employer has applied for certification as a self-insured workers' compensation employer or is a certified self-insured workers' compensation employer pursuant to Oregon Revised Statute (ORS) 656.407 and 656.430; and

WHEREAS, a condition for certification as a self-insured employer or continuing as a certified self-insured employer is the requirement that the employer provide the department with a security deposit in an amount as required and by a type of deposit that is approved by the department; and

WHEREAS, employer wishes to meet the security deposit requirement by posting an irrevocable standby letter of credit (ISLOC) issued by an Oregon state-chartered bank or federally chartered bank with an Oregon branch office; therefore,

The Department of Consumer and Business Services and the self-insured employer agree as follows:

1. An ISLOC is being furnished to the director instead of a surety bond or other type of security that may be determined to be acceptable for certification as a self-insured employer or for continuing as a certified self-insured employer.
2. The self-insured employer understands the letter of credit will be automatically extended without amendment for an additional one (1) year from the expiry date, or any subsequent expiry date, unless, at least 60 days before the expiry date the administrator of the Workers' Compensation Division is notified in writing by the issuing or confirming bank that the ISLOC will not be renewed.
3. The ISLOC may be replaced with another ISLOC or approved surety bond of equal amount or a policy of workers' compensation insurance that is approved by the director or the Administrator of the Workers' Compensation Division or their designated authorized representative, as substitute security for the ISLOC, if the new ISLOC or surety bond or policy of insurance covers all workers' compensation liabilities and obligations that would have been covered by the ISLOC to be replaced.
4. The self-insured employer affirms that the ISLOC, in the amount required by the department, is being offered with the understanding that the ISLOC can be called immediately, at the director's or the administrator of the Workers' Compensation Division's discretion if the director or administrator receives notice that the ISLOC will not be renewed; or the self-insured employer fails to pay its workers' compensation liabilities, obligations or payments due to the director under ORS 656; or the self-insured employer files bankruptcy; or

the self-insured employer fails to renew or provide acceptable substitute security by 15 days prior to the expiry date of the ISLOC; or the director has determined the existing security is deemed inadequate, that additional or replacement security must be provided by the self-insured employer and that neither has been provided, notwithstanding written notice to the self-insured employer.

- 5. If legal proceedings are initiated by any party with respect to payment of any ISLOC, then it is agreed that the proceedings shall be subject to the jurisdiction of Oregon courts and application of Oregon laws.

EMPLOYER

By: _____
Type name of officer

Signature: _____

Title: _____

Date: _____

**OREGON DEPARTMENT OF CONSUMER AND
BUSINESS SERVICES, WORKERS'
COMPENSATION DIVISION**

By: _____
Name and title of authorized representative

Signature: _____

Date: _____