



**ILLINOIS WORKERS' COMPENSATION COMMISSION
SELF-INSURER'S AGREEMENT TO POST LETTER OF CREDIT**

Date of Agreement: _____

Employer

Name: _____

Address: _____

Issuing Bank

Name: _____

Letter of Credit No.: _____

Address: _____

Amount \$: _____

Confirming Bank

Name: _____

Confirmation No.: _____

Address: _____

This Agreement is made on the above date by and between the parties signatory hereto.

I. Purpose: The Illinois Workers' Compensation Commission ("Commission") granted the Employer permission to self-insure under the laws of the State of Illinois known as the Workers' Compensation Act and the Workers' Occupational Diseases Act, both effective July 9, 1951, as amended, (hereinafter collectively called the "Acts") provided that it deposit the irrevocable letter of credit ("Letter of Credit") issued in favor of the Commission under the letter of credit number listed above for the purpose of qualifying or continuing as a private self-insurer or for the use and benefit of its employees as a former self-insurer. With the written approval of the Commission, this Letter of Credit may be supplemented by the letter(s) of credit listed on the Schedule(s) of Supplement attached hereto (if any). Any letter(s) of credit supplementing the letter of credit identified above shall also be held by the Commission for the purpose of qualifying or continuing to qualify the Employer as a private self-insurer under the Acts or for the use and benefit of its employees as a former self-insurer.

If one or more confirming bank(s) are named above or on the Schedule(s) of Supplement attached hereto (if any), the Employer is also depositing with the Commission confirmation(s) of the Letter of Credit under the confirmation number listed above for the purpose of qualifying or continuing to qualify as a private self-insurer or for the use and benefit of its employees as a former self-insurer under the Acts. Any confirmation held by the Commission for this purpose may hereinafter be referred to as the "Confirmation." Any bank that issues one or more Letter of Credit or one or more Confirmation may hereinafter be referred to as the "Bank."

It is agreed by the parties hereto that each Letter of Credit and each Confirmation, if required, shall be held by the Commission as security for the payment of the Employer's obligations incurred under the Acts as the result of injuries or exposures occurring at any time while the Employer is a qualified private self-insurer under the Acts and for payment of related administrative and defense costs.

By their terms, each Letter of Credit will be automatically extended for an additional one-year period unless the Bank that has issued the Letter of Credit notifies the Commission otherwise by registered mail at least 60 days before the expiration date of the Letter of Credit.

II. Permissible Draws: Whenever the Employer shall fail to perform its obligations as a private self-insurer as determined by the Chairman of the Commission ("Chairman"), the Chairman may draw down all or any part of any Letter of Credit, and in the exercise of his or her own discretion, may use the proceeds of the Letter(s) of Credit or any part thereof for the immediate payment of the Employer's outstanding obligations under the Acts as a private self-insurer and any payment of related administrative and defense costs. At the Chairman's discretion, the proceeds of the Letter of Credit may be delivered to the Treasurer of the State of Illinois ("Treasurer") for deposit in the same manner as state funds; or deposited in an escrow account established with an escrow agent acceptable to the Chairman pursuant to the terms of the escrow agreement that the Commission requires of private self-insurers.

Whenever a particular Letter of Credit shall fail to be renewed under conditions that would not entitle the Employer to a return of the Letter of Credit as provided below or whenever the Chairman shall determine, for whatever reason, that the Bank that issued or confirmed the Letter of Credit no longer provides the Commission with an acceptable level of security with respect to the payment of the Employer's obligations as a private self-insurer, the Chairman may draw down the entire amount of any such Letter of Credit and, in the exercise of his or her own discretion, may direct the proceeds of the Letter of Credit be delivered to the Treasurer for deposit in the same manner as state funds; or deposit the proceeds in an escrow account established with an escrow agent acceptable to the Chairman pursuant to the terms of the escrow agreement.

