

MEMORANDUM OF UNDERSTANDING
LETTER OF CREDIT

This is a Memorandum of Understanding by and among (“the Employer”) _____,
_____,
(hereinafter called the Employer), and the Montana Department of Labor & Industry, Employment
Relations Division (hereinafter called the Department),

WHEREAS, the Employer has applied for the privilege of self-insuring its obligations under the Montana
Workers’ Compensation and Occupational Disease Acts; and

WHEREAS, the Department has approved that application contingent upon the Employer posting security
in the amount of \$ _____; and

WHEREAS, the Employer wishes to meet this security requirement by posting a Letter of Credit issued
by (“the Bank”) _____,
which is a duly chartered commercial bank located in the United States;

THEREFORE, the Department and Employer agree as follows

- 1) The Letter of Credit is being furnished to the Department in order to meet the condition for approval of self-insured status.
- 2) Unless the Department is notified otherwise by registered mail at least 60 days before an expiry date, the Letter of Credit will be automatically extended without amendment for an additional one-year period.
- 3) If the Department is notified that the Letter of Credit will not be renewed and a new Letter of Credit acceptable to the Department is not filed, the Department may, in its discretion draw on the Letter of Credit.
- 4) The Department may, in its discretion, draw on the Letter of Credit at any time if needed to pay any workers’ compensation and occupational disease claims which are the Employer’s responsibility.
- 5) All proceeds resulting from the Department drawing on the Letter of Credit shall be deposited in a special account and shall only be used to pay workers’ compensation and occupational disease claims which are the Employer’s responsibility.
- 6) The Letter of Credit and this Memorandum of Understanding shall be governed by and interpreted under the laws of Montana. Any action with respect to the Letter of Credit may be brought in a Montana state court with venue in Lewis and Clark County and the Employer shall consent to the court’s personal jurisdiction over the Employer in that action.
- 7) As used in the memorandum of Understanding, “Employer” means the entities that have, as the result of application, been approved to self-insure.
- 8) This memorandum of Understanding is effective on _____, _____.

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Letter of Credit
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Dated this _____ day of _____, _____.

Name of Employer

By: _____
Signature for Employer

Typed Name and Title

Attest:
(Seal)

Signature of Employer Secretary

Typed Name of Secretary

Dated this _____ day of _____, _____.

Montana Department of Labor & Industry
Employment Relations Division
Workers' Compensation Regulation Bureau

By: _____
Signature for Department

Typed Name and Title