



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation
Self-Insurance Regulation • MS-60
7551 Metro Center Dr., Ste 100 • Austin, Texas 78744-1609
•(512) 804-4775 • FAX (512) 804-4776• www.tdi.state.tx.us

DOCUMENTARY IRREVOCABLE STANDBY LETTER OF CREDIT

Date: _____ Letter of Credit Number: _____

To: Texas Department of Insurance
Division of Workers' Compensation
Self-Insurance Regulation
7551 Metro Center Dr., Ste 100, MS-60
Austin, Texas 78744-1609

We hereby issue this Documentary Irrevocable Standby Letter of Credit (hereinafter "LOC") in your favor and authorize you to draw on:

(Name and Office of Issuing Bank)

(Address of Issuing Bank)

For account of:

(Name of Employer)

(Address of Employer)

up to the aggregate amount of U.S. dollars _____
(Written and Numbers)

available by your draft at sight marked "drawn under" _____
(Name of Issuing Bank)

_____ Letter of Credit Number _____

dated _____ ."

Drafts drawn under this LOC must be accompanied by an affidavit from the Texas Department of Insurance, Division of Workers' Compensation, stating that the Commissioner of the Division of Workers' Compensation has determined that the above-named Employer has become an impaired employer. Specifically, the above-named Employer has either suspended payment of compensation as determined by the Commissioner, filed for relief under bankruptcy laws, had bankruptcy proceedings filed against it, or had a receiver appointed by a court in Texas. The Issuing/Confirming Bank is entitled to rely upon the statements contained in the affidavit and will have no obligation to independently verify any statements contained therein.

Employer Name:

LOC Number:

This LOC shall be effective on _____, and expire on _____ (primary term) and shall be valid and irrevocable for such time period and for so long thereafter, as it may be renewed in accordance with the terms hereof.

This LOC and its Confirmation, if applicable, shall be deemed automatically renewed for additional periods equal to the length of the primary term from the original expiration date or any future expiration date unless, it is at least sixty (60) days prior to an expiration date, the Commissioner receives from us or the confirming bank written notice at central office of the Texas Department of Insurance, Division of Workers' Compensation in Austin, Travis County, Texas, that the LOC or Confirmation will no longer be automatically renewed. Upon receipt of such notice, the Division of Workers' Compensation may draw on the above Issuing/Confirming Bank up to the amount available under the LOC or Confirmation on or before the expiration date.

Except as stated herein, this LOC is not subject to any conditions or qualifications and is the Issuing/Confirming Bank's individual obligation, which is in no way contingent on reimbursement from any other party. Any amount of payment under this LOC by the Issuing Bank or any confirming bank shall be made by wire transfer to the Comptroller of Public Accounts – Treasury Operations into a Trust Fund entitled the Self-Insurance Security Trust Fund.

We hereby agree that drafts drawn under and in compliance with the terms of this LOC will be duly honored within one business day of receipt, if presented to the above-mentioned Bank(s) on or before the day the LOC expires.

This LOC is subject to the "Uniform Customs and Practice for Documentary Credits" (1993 Revision), International Chamber of Commerce, Publication No. 500.

Name and title of signer, for Issuing Bank

By: _____
Authorized Signature

Date

Printed Name & Title