



INTEROFFICE MEMORANDUM

APPROVED
BY ORANGE COUNTY BOARD
OF COUNTY COMMISSIONERS
OCT 21 2014 NP/KH

DATE: September 25, 2014
TO: Mayor Teresa Jacobs
-AND-
Board of County Commissioners
FROM: John L. Petrelli, Manager- Risk Management Division
SUBJECT: Letter of Credit Commission and Fees Payment Approval

AGENDA ITEM

During the loss years of 10/1/1997 through 9/30/2003 the County purchased workers' compensation coverage via large-deductible commercial insurance policies. These policies were underwritten by two carriers, Reliance Insurance Company and United States Fidelity & Guarantee Company (Travelers). Since these policies provided coverage from dollar one of any claim the carriers required the County to post letters of credit for the self-insured portion of the deductible. The letter of credit amounts were based on the total outstanding claims and have been reduced as the outstanding liabilities have been reduced. The two letters of credit renew annually and are subject to periodic commissions and renewal fees. The current face amounts are as follows:

Table with 2 columns: Carrier Name and Amount. Rows include United States Fidelity & Guarantee Co. (Travelers) at \$4,510,000 and Reliance Insurance Co. at \$2,600,000.

Both letters of credit have undergone a collateral review by both an independent actuary and the insurance carrier. We anticipate getting further reductions in the next six months.

RECOMMENDATION:

Authorization to pay SunTrust Bank for Letters of Credit Commissions and Fees, in the approximate amounts of \$46,000 and \$27,000, respectively.

JLP/smm

c. Eric Gassman, Chief Accountability Officer