



**INTEROFFICE MEMORANDUM**

**APPROVED  
BY ORANGE COUNTY BOARD  
OF COUNTY COMMISSIONERS**

**SEP 15 2015** *JLBS*

**DATE:** August 19, 2015  
**TO:** Mayor Teresa Jacobs  
-AND-  
Board of County Commissioners  
**FROM:** John L. Petrelli, Director of Risk Management and Professional Standards  
**SUBJECT:** Letter of Credit Commission and Fees Payment Approval *J. Petrelli*

**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:

United States Fidelity & Guarantee Co. (Travelers) .....	\$3,495,000
Reliance Insurance Co. ....	\$2,600,000

Both letters of credit have undergone a collateral review by both an independent actuary and the insurance carrier. The Travelers letter of credit was reduced by \$1,000,000 dollars resulting in a \$10,000 commission reduction.

**RECOMMENDATION:**

Authorization to pay SunTrust Bank for Letters of Credit Commissions and Fees, in the approximate amounts of \$36,000 and \$27,000, respectively.

JLP/smm

c. Eric Gassman, Chief Accountability Officer