



Oregon

Tina Kotek, Governor



Workers'
Compensation
Division

Department of Consumer
and Business Services

BULLETIN NO. 147 (Revised)
April 8, 2024

TO: Self-insured employers, self-insured employer groups, and other interested parties

SUBJECT: Security deposits

This bulletin explains the acceptable forms of security deposits allowed under Oregon Administrative Rule (OAR) 436-050-0165. The division is republishing this bulletin to provide a revised Form 824, “Surety Bond.” All other forms associated with this bulletin remain the same as previously published. This bulletin replaces Bulletin 147 issued Dec. 20, 2022.

Changes to Form 824 include:

- Addition of condition number 8 to clarify process for post-default demands and treatment of surety bond proceeds.
- Non-substantive wording changes for clarity and consistency with statute.

Download the forms from the division’s website: <http://wcd.oregon.gov/forms/Pages/forms.aspx>.

I. ACCEPTABLE FORMS OF SECURITY DEPOSIT

A self-insured employer may use a surety bond or an irrevocable standby letter of credit (ISLOC) naming the Department of Consumer and Business Services (department) as obligee or beneficiary. There is no requirement that the full amount of the security deposit be contained in only a surety bond or ISLOC. Form 824, “Surety Bond,” and Form 1810, “Surety Rider,” are used for surety bonds and riders. Form 3640, “Irrevocable Standby Letter of Credit,” and Form 3529, “Memorandum of Understanding,” are used for ISLOCs.

II. SURETY BONDS AND SURETY BOND RIDERS

- A. **Effective date:** The effective date must be the same as the date indicated by the department in condition number one of the surety bond, unless otherwise specified by the department.
- B. **Power of attorney:** There must be a power of attorney authorizing the attorney-in-fact to sign on behalf of the bonding company up to the penal sum of the surety bond.
- C. **Increases:** If an employer has a surety bond and is notified by the department to increase the security, the employer may provide a rider to the existing surety bond using Form 1810, in an amount prescribed by the director, naming the department as obligee. The increase may also be satisfied through an ISLOC using Forms 3640 and 3529.

- D. **Decreases:** If an employer has a surety bond and is notified by the department that the penal sum may be decreased, the employer may retain the bond at its current level or reduce the penal sum of the bond by using Form 1810.
- E. **Expiration of other forms of surety bond and replacement security:** If an existing surety bond is terminated and the bond is on a form other than Form 824, Form 824 must be used as the replacement bond, naming the department as obligee. Replacement security may also be provided through an ISLOC using Forms 3640 and 3529.
- F. **Principals and signatures:** The surety bond must name the certified self-insured employer, as well as any legal entities which are or have been approved by the department for inclusion in the self-insurance certification, as Principals. The names listed must match those as registered with the Oregon Secretary of State Corporation Division. A signature is required for all those listed as Principal, with clear notation of each signing person's capacity. The signer may be the same for all companies.
- G. **Termination:** The surety may terminate the surety bond by giving written notice to the department and the Principal. Termination will be effective no sooner than 30 days after the date the department receives the notice.
- H. **Department acknowledgement of acceptance and replacement:** The department will maintain a notation on the face of each surety bond to record whether the department approves and accepts the surety bond submitted by the Principal as substitute surety for the liabilities, obligations, and the time period covered by any previous surety bonds and surety riders. If appropriate, the department will issue a written release and exoneration of previous surety bonds and surety riders.

III. IRREVOCABLE STANDBY LETTERS OF CREDIT (ISLOCs)

- A. **Effective date:** The effective date must be the same as the date of self-insurance certification.
- B. **Sufficiency:** An ISLOC is subject to the International Standby Practices 1998 (ISP98), ICC Publication NO. 590. (See International Chamber of Commerce website: www.iccwbo.org) The department will use the criteria listed under OAR chapter 436 to determine if an ISLOC is acceptable.
- C. **Increases:** If an employer has an ISLOC and is notified by the department to increase the security, the employer may submit an addendum to the ISLOC from the issuing or confirming bank. The increase may also be satisfied through a surety bond using Form 824.
- D. **Decreases:** If an employer has an ISLOC and is notified by the department that the security may be decreased, the employer may retain the ISLOC at its current level or the employer may submit an addendum to the ISLOC from the issuing or confirming bank.

- E. **Evergreen clause:** The ISLOC will be automatically extended, without amendment, for one year from the expiration date, or any subsequent expiration date, unless, at least 60 days before the expiration date, the department is notified in writing that the issuing or confirming bank has elected not to extend the ISLOC for another period.

IV. SUBMISSION OF SECURITY DEPOSIT

ISLOCs, addendums, memorandums of understanding, surety bonds, and surety bond riders may be mailed or delivered to:

Department of Consumer and Business Services
Workers' Compensation Division, Performance Section
350 Winter St. NE
PO Box 14480
Salem OR 97309-0405

If you have questions about this bulletin or related forms, contact the Self-Insurance, Registration, and Reimbursements Unit at the address above, by phone at 503-947-7057, or by email at

WCD.SelfInsurance@dcbs.oregon.gov.



Matt West, Interim Administrator
Workers' Compensation Division

Attachments: [Form 824](#), "Surety Bond" (Rev. 4/24)
[Form 1810](#), "Surety Rider" (Rev. 1/17)
[Form 3640](#), "Irrevocable Standby Letter of Credit (Rev. 8/06)
[Form 3529](#), "Memorandum of Understanding" (Rev. 1/23)

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