

“SAMPLE”

Department of Insurance and Financial Institutions State of Arizona

CAPTIVE INSURANCE COMPANY FORM OF IRREVOCABLE LETTER OF CREDIT On Bank Letterhead

(The heading of the Letter of Credit may include a boxed section, which contains the bank’s identifying information for the letter of credit, if clearly marked to indicate the information is for internal identification purposes only)

Letter of Credit No. (00001)

Date _____

Director
Department of Insurance and Financial Institutions
State of Arizona
100 North 15th Avenue, Suite 261
Phoenix, AZ 85007

Director:

1. We hereby establish this clean, irrevocable and unconditional LETTER OF CREDIT in your favor for the account of _____ in the amount of \$ _____ available by your draft(s) drawn on us, at sight, bearing the number of this LETTER OF CREDIT NO. (00001). This LETTER OF CREDIT shall expire at our Letter of Credit Department, (bank address in U.S.), at our close of business (date), unless as hereinafter extended.
2. This LETTER OF CREDIT is issued pursuant to the provisions of A.R.S. § 20-1098.03(B) of Arizona Statutes on behalf of the company referenced in (1) above, which possesses or is applying for a license as a captive insurance company pursuant to A.R.S. Title 20, Chapter 4, Article 14.
3. This LETTER OF CREDIT shall be automatically extended for additional periods, each of one year, unless at least sixty calendar days prior to the then relevant expiration date we have advised you in writing that we elect not to extend. In that event, you may draw hereunder on or prior to the then relevant expiration date, up to the full amount then available hereunder, against your sight draft(s) on us, bearing the number of this LETTER OF CREDIT. Our notification will be sent to you by Registered Mail at the address set forth above.
4. The foregoing provision is not meant to limit your ability to draw hereunder, up to the full amount then available hereunder, in the event of Court ordered Receivership or otherwise, at any time.
5. Except as stated herein, this undertaking is not subject to any requirement or qualification. Our obligation under this LETTER OF CREDIT is the individual obligation of the Bank, and is in no way contingent upon reimbursement with respect thereto, or upon our ability to perfect any lien or security interest.
6. Each sight draft so drawn and presented shall be promptly honored by us if presented by you or your designee on or prior to the above stated expiration date or any extension thereof as above provided.
7. This LETTER OF CREDIT is subject to and governed by the 2007 Revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce, Publication No. 600. If this credit expires during an interruption of business as described in Article 36 of said Publication 600, the bank hereby specifically agrees that this letter of credit shall not expire during such interruption of business and agrees to effect payment if the letter of credit is drawn against within thirty (30) days after the resumption of business.

(Name of Bank)

Authorized Signature