

“SAMPLE”

Department of Insurance 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 of Insurance
State of Arizona
2910 North 44th Street, Suite 210
Phoenix, AZ 85018

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), Phoenix, Arizona 85____, 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 an 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, 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. OPTIONAL: This LETTER OF CREDIT is subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision) International Chamber of Commerce Publication No. 500. Notwithstanding Article 17 of said Publication, in the event that one or more of the occurrences specified in Article 17 of said Publication occurs, then the bank hereby specifically agrees that this letter of credit shall be extended so as not to expire during such interruption of business and shall extend for ten days after such resumption of business.

(Name of Bank)

Authorized Signature