

[Must be issued on Bank Letterhead]
STATE OF VERMONT
CAPTIVE INSURANCE COMPANY
IRREVOCABLE LETTER OF CREDIT

Letter of Credit No. (00001)
Date

A.B.C. Bank
Address
City, State

Beneficiary:

Commissioner of the Department of Financial Regulation
State of Vermont
89 Main Street
Montpelier, VT 05620-3101

Commissioner:

1. We hereby establish our IRREVOCABLE LETTER OF CREDIT in your favor for the account of _____ (applicant name on behalf of name of captive) up to the aggregate amount of _____ available by your draft(s) drawn on us, at sight, bearing the number of this IRREVOCABLE LETTER OF CREDIT No. (00001). This LETTER OF CREDIT shall expire at our Letter of Credit Department, _____, at our close of business on _____ unless as hereinafter extended.
2. This LETTER OF CREDIT is issued pursuant to the provisions of 8 V.S.A. Section 6004 and on behalf of the above mentioned _____ (name of captive) which is applying for a certificate of authority to engage in the insurance business in the State of Vermont as a captive insurance company. We understand and agree that _____ (name of captive) has no obligation to reimburse us and we have no right of set off against any funds held by us for _____ (name of captive) in the event this LETTER OF CREDIT is drawn down, in whole or in part. By issuing this LETTER OF CREDIT, we waive any common law, statutory or contractual right of reimbursement or set off against _____ (name of captive) that may arise in the event this LETTER OF CREDIT is drawn down, in whole or in part.
3. It is a condition of the LETTER OF CREDIT that it shall be automatically extended for additional periods, each of one year, unless at least ninety calendar days prior to the then relevant expiration date we have advised you in writing, by certified mail, 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.
4. It is a further condition of this LETTER OF CREDIT that each automatic extension shall be measured from the then relevant expiration date, even though such date is not a business day in Montpelier, Vermont for this Bank. It is also a condition of this LETTER OF CREDIT that, for the purpose of drawing hereunder, if the then relevant expiration date is a nonbusiness day for our Bank, drawing may be made not later than our next immediately following business day.
5. This LETTER OF CREDIT sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified, amended or amplified by reference to any note, document, instrument, statute, regulation or agreement referred to herein or in which this LETTER OF CREDIT is referred to or to which this LETTER OF CREDIT relates and any such reference shall not be deemed to incorporate herein by reference any note, document, instrument, statute, regulation, or agreement.
6. Each sight draft so drawn and presented shall be promptly honored by us if presented on or prior to the above stated expiration date or any extension thereof as above provided. Presentation under this LETTER OF CREDIT must be made at _____ located at _____ during normal banking hours.
7. Unless otherwise expressly stated, this undertaking is issued subject to the International Standby Practices 1998 (ISP 98), ICC Publication No. 590.

Very truly yours,

[Signed]

Name and Title