

## EXHIBIT D

### CONDITIONS FOR ACCEPTANCE OF LETTERS OF CREDIT IN LIEU OF DEPOSIT PREMIUMS

**IAT Insurance Group  
Occidental Fire & Casualty Company of North Carolina,  
Wilshire Insurance Company, and/or  
Harco National Insurance Company**

*When the Company accepts a letter of credit (“LOC”) to secure the payment of premiums on self-reporting policies in lieu of a deposit or other collateral, the letter of credit must contain the following elements and meet the following conditions:*

- *The LOC must be issued by a federally regulated and insured bank.*
- *The LOC must state the amount of the LOC, which must be at least equal to the non-working deposit.*
- *The LOC must state Occidental Fire & Casualty Company of North Carolina, Wilshire Insurance Company or Harco National Insurance Company, 702 Oberlin Road, Raleigh, NC, 27605 as the beneficiary.*
- *The LOC must not expire earlier than the expiration date of the policy plus 90 days.*
- *The LOC must be irrevocable.*
- *The LOC must be automatically renewable, unless written notice is given to the beneficiary at least 60 days prior to the expiration date of the LOC, that the LOC will not be renewed.*
- *The LOC should state that “It is subject to the Uniform Customs and Practices for Documentary Credits (2007 revision); International Chamber of Commerce Publication No. “600”.*
- *The LOC should be immediately available for drawing, and should state that partial drawings are permitted.*
- *The LOC should contain no conditions for drawing by the beneficiary other than the following: “The insured has not remitted a payment or payments on a policy, issued by the beneficiary, by the due date indicated on an invoice or invoices, issued by the beneficiary or its agent” (if the LOC states no conditions for drawing, it is also acceptable).*
- *The LOC should be delivered to:*

*Treasurer  
Occidental Fire & Casualty Company of North Carolina,  
Wilshire Insurance Company, or Harco National Insurance Company  
702 Oberlin Road  
Raleigh, NC 27605*

- *All LOC’s must be received by the Company no later than 30 days after the effective date of the policy.*
- *If an LOC is not received in a timely manner, or if it does not meet the requirements outlined above, the LOC will be immediately returned to the managing general agent (“MGA”) and the non-working deposit will be invoiced and due immediately.*
- *In the event that a policyholder becomes delinquent in payments under a policy secured by an LOC, the MGA must immediately submit a statement to the Company, signed by an officer of the MGA, stating that the MGA has not received payment from the policyholder by the invoice due date. Along with the statement from the MGA, the MGA must also provide a copy of the notification given to the policyholder, stating that the policyholder’s payment is past due and the Company intends to exercise rights under the LOC.*
- *If a policy cancels, and the MGA confirms that all amounts due under the policy are paid in full, the Company will release the LOC prior to its expiration date.*

**EXAMPLE LETTER OF CREDIT FORM**

(Name of Bank)  
(Address)

Date \_\_\_\_\_

Clean, Irrevocable, Unconditional Letter of Credit No.: \_\_\_\_\_

To Beneficiary: Occidental Fire and Casualty Company of North Carolina,  
Wilshire Insurance Company, or  
Harco National Insurance Company

Re: (Insured) \_\_\_\_\_

Dear Sir or Madam:

We have established this clean, irrevocable, and unconditional Letter of Credit in your favor for drawing up to US \$ \_\_\_\_\_ effective immediately and expiring at your office (bank address) with our close of business on \_\_\_\_\_. This letter of credit cannot be modified or revoked without your consent.

We hereby undertake to promptly honor your sight draft(s) drawn on us, indicating our Credit No. \_\_\_\_\_, for all or any part of this credit upon presentation of your draft drawn on us at our offices prior to the expiration date hereof.

The term "Beneficiary" as used herein includes any successor by operation of law of the named Beneficiary including without limitation, any liquidator, rehabilitator, receiver or conservator.

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.

This Letter of Credit expires on \_\_\_\_\_, but will automatically extend without amendment for one year from the expiration date or any future expiration date, unless sixty days prior to such expiration date, we notify you by Registered Mail that this Letter of Credit will not be renewed.

This Letter of Credit is subject to the 2007 Revision of the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce, ICC Publication No. 600.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

## Checklist for Analyzing Letter of Credit

For the LOC to be acceptable, items 1 through 9 must be answered 'Yes'.

1. \_\_\_\_\_ *Authorized Bank*  
*Is bank federally regulated and insured (usually can be confirmed by review of bank web site)?*
2. \_\_\_\_\_ *Amount*  
*Is the amount clearly stated on the LOC, and of sufficient amount to cover the non-working deposit?*
3. \_\_\_\_\_ *Beneficiary*  
*Is Occidental Fire and Casualty Company of North Carolina, Wilshire Insurance Company, and/or Harco National Insurance Company clearly identified as the beneficiary?*
4. \_\_\_\_\_ *Expiration Date*  
*Is the expiration date not earlier than the policy expiration date plus 90 days?*
5. \_\_\_\_\_ *Irrevocable*  
*Does the LOC state that it cannot be revoked or modified without the consent of the Beneficiary?*
6. \_\_\_\_\_ *Automatically Renewable ("Evergreen")*  
*Does the LOC state that it is automatically renewable unless written notice is given at least 60 days prior to expiration?*
7. \_\_\_\_\_ *Uniformity*  
*Does LOC state that it is subject to the "Uniform Customs and Practices for Documentary Credits (2007 revision); International Chamber of Commerce Publication No. 600"?*
8. \_\_\_\_\_ *Partial Drawings*  
*Does the LOC permit partial drawings?*
9. \_\_\_\_\_ *Execution*  
*Is the LOC signed by an officer of the issuing bank?*

For the LOC to be acceptable, items 10 and 11 must be answered 'No'.

10. \_\_\_\_\_ *Availability*  
*Is there anything in the LOC, other than the condition for drawing (see #11) that restricts the beneficiary's ability to draw the LOC?*
11. \_\_\_\_\_ *Condition for Drawing*  
*Are there any conditions for the beneficiary to draw the LOC other than "The insured has not remitted a payment or payments on a policy, issued by the beneficiary, by the due date indicated on an invoices, issued by the beneficiary or its agent"?*