

Canal Letter of Credit (LOC) approval instructions as of 012018

If security for premium and/or deductible reimbursement is desired via a Letter of Credit, these instructions must be expressly followed.

1. Relay the Exact Name and Home Office address of the desired Banking Institution to WEL for approval by Canal prior to having the attached form completed.
2. Upon approval of the Bank by Canal have the attached form completed with the correct dollar amounts as confirmed to you by WEL.
3. No changes to the attached LOC form are allowed by Canal.
4. Upon completion by the Bank of the LOC, email a copy of the LOC draft to WEL. WEL will forward the email copy to Canal for review and approval. Do not deliver the LOC to the beneficiary without approval of the emailed LOC draft.
5. Upon approval by Canal, send the original LOC to Canal in accordance with the Name and Address on the LOC template. LOCs should never be sent to other than the beneficiary. LOCs should be delivered to Canal only via a mail service that can be tracked.

WEL Accounting Procedure for LOCs

Upon binding WEL will invoice all deposits as cash which are due to WEL in accordance with the terms of the WEL brokerage agreement. Upon confirmation by Canal to WEL of a fully approved received original LOC, WEL will issue appropriate credits for the invoiced deposits.

Bank Letterhead
**Clean Irrevocable
Letter of Credit (LOC)**

Date: _____

Beneficiary:

Canal Insurance Company and/or
Canal Indemnity Company

Attn: Doug McDaniel
400 East Stone Avenue
Greenville, SC 29601

Opener:

LOC Number: _____

Amount: _____

Expiration: _____ (Entry Note—LOC expiration date is 15 months from the effective date of the LOC)
(eg: January 1, 2013 effective date; March 31, 2014 expiration date)

Gentlemen:

We hereby establish this clean, irrevocable, and unconditional letter of credit No. _____ in favor of the aforesaid addressee (“Beneficiary”) for drawings up to USD _____ effective immediately. This letter of credit is issued, presentable and payable at our office (bank name, department and complete address) and expires at the close of the last business day fifteen (15) months from the issue date, unless renewed as stated below.

The term “Beneficiary” includes any successor by operation of law of the named beneficiary including, without limitation, any liquidator, rehabilitator, receiver or conservator.

We hereby undertake to promptly honor your sight draft(s) drawn on us, indicating our credit number (#####), for all or any part of this letter of credit, if presented at our office (specified in paragraph one), or such other office as we may advise from time to time, on or before the expiry date or any automatically extended expiry date.

It is a condition of this letter of credit that it is deemed to be automatically extended without amendment for twelve (12) months from the expiry date hereof, or any future expiration date unless at least sixty (60) days prior to any expiration date, we notify you by registered mail or any nationally recognized courier service that we elect not to consider this letter of credit renewed for any such additional period.

This letter of credit is subject to and governed by the laws of the State of South Carolina and the 2007 revision of the Uniform Customs and Practice for the documentary credits of the International Chamber of Commerce (Publication 600) and, in the event of any conflict, the laws of the State of South Carolina will control. If this credit expires during an interruption of business as described in Article 36 of said Publication 600, the bank hereby specifically agrees to effect payment if this credit is drawn against within thirty (30) days after the resumption of our business from such interruption.

Authorized Signature