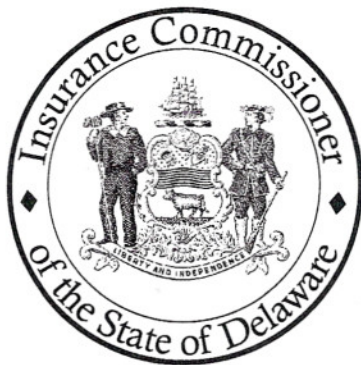


Matthew Denn
Insurance Commissioner



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DOMESTIC/FOREIGN INSURERS BULLETIN NO. 27

TO: ALL INSURERS

**RE: LETTERS OF CREDIT ISSUED PURSUANT TO INTERNATIONAL
CHAMBER OF COMMERCE UNIFORM CUSTOMS AND PRACTICE
FOR DOCUMENTARY CREDITS (UCP 600)**

DATED: January 8, 2008

Delaware Insurance Regulation 1003 establishes requirements for letters of credit that may be used to fund collateral required for ceded reinsurance recoverable balances from unauthorized reinsurers. Regulation 1003 makes several references to letters of credit governed by the Uniform Customs and Practice for Documentary Credits revised by the International Chamber of Commerce (the "ICC") in 1993 and implemented as ICC Publication No. 500 ("UCP 500"). The Department has been advised that on July 1, 2007, the ICC implemented the Uniform Customs and Practice for Documentary Credits (2007 Revision), ICC Publication No. 600LF ("UCP 600"), which replaces UCP 500.

From the Department's perspective, a letter of credit under UCP 600 is materially equivalent for Department purposes to a letter of credit under UCP 500. Accordingly, the Department has promulgated an amendment to Regulation 1003 that recognizes the validity of letters of credit under UCP 600.

The process to amend Regulation 1003 will extend into the first quarter of 2008. Nevertheless, the Department has been advised that some letters of credit under UCP 600 may have been issued during 2007 and must be reported as of December 31, 2007. Accordingly, the Department will allow credit under Regulation 1003 if a letter of credit issued under UCP 600 meets all of the other requirements of the Regulation.

Matthew Denn
Insurance Commissioner