



**STATE OF NEW YORK
INSURANCE DEPARTMENT
ONE COMMERCE PLAZA
ALBANY, NEW YORK 12257**

**Eliot Spitzer
Governor**

**Eric R. Dinallo
Superintendent**

**Circular Letter No. 13 (2007)
December 17, 2007**

TO: To All Insurers

**RE: Regulation No. 133: Letters of Credit Issued Pursuant to International Chamber of
Commerce Uniform Customs and Practice for Documentary Credits (UCP 600)**

New York State Insurance Department Regulation No. 133 ("Regulation No. 133") establishes requirements for Letters of Credit that may be used, among other things, to fund trusts established by excess line insurers and to fund collateral required for ceded reinsurance recoverable balances from unauthorized reinsurers.

Regulation No. 133 addresses Letters of Credit issued pursuant to, or governed by, the Uniform Customs and Practice for Documentary Credits revised by the International Chamber of Commerce ("ICC") in 1993 and implemented as ICC Publication No. 500 ("UCP 500"). 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.

Regulation No. 133's requirements, giving primacy to New York law, speak to those characteristics of Letters of Credit most central to the Department's concerns. The Department is of the view that a Letter of Credit under UCP 600 will not present any issues materially different from those presented by a Letter of Credit under UCP 500. Recognizing that Letters of Credit subject to UCP 600 are equivalent to those subject to UCP 500, the Department intends to promulgate an amendment to Regulation No. 133 that will recognize Letters of Credit under UCP 600.

Because the process to promulgate that amendment will extend past year-end 2007, the Department will allow credit if a Letter of Credit under UCP 600, that meets all other requirements of Regulation No. 133, is reported as of December 31, 2007 as being used or held for any of the purposes for which Letters of Credit under Regulation No. 133 may now be used or held.

Please direct any questions relating to the contents of this Circular Letter to:

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Sincerely,

Michael Moriarty
Deputy Superintendent
for Property & Capital Markets