

Credit Procedures Questionnaire

Where the Insured has a written credit procedures manual and this is on file with the Company, this questionnaire will serve as a summary and together with the credit procedures manual and any additional information (oral and written) provided, will be incorporated into the Proposal Form.

In the event of any discrepancy between the Insured’s credit procedures manual (together with any additional information provided) and this questionnaire, the answers given herein shall prevail unless otherwise agreed by the Company in writing.

Where no credit procedures manual exists, this questionnaire, once signed by the Insured and accepted by the Company, together with any additional information (oral and written) provided, will describe the Insured’s Credit Management Procedures and shall be incorporated into the Proposal Form.

Please use supplementary sheets where required.

1. Company Details

Company Name

Registered Number

Address

Post Code

2. Systems, procedures

- | | | |
|--|-----|----|
| a) Do you have a credit procedures manual? | Yes | No |
| b) Is credit control centralised across | | |
| i. all locations | Yes | No |
| ii. all joint insureds | Yes | No |
| If yes, where? | | |

If no, is there any cooperation or coordination and if not, why not?

- c) Which credit management software package do you use?

3. Credit Department

- a) How many employees are there in the credit department and in what capacity?

No	Role
No	Role
No	Role
No	Role

b) Who are the senior members of the credit department?

Name	Position	Qualifications	Years of experience

c) Can decisions made in the credit department be overruled? Yes No
 If so, by whom? How often has this happened in the past year?

d) Who is responsible for the credit control procedures adopted?

e) Which main board Director is directly responsible for credit management?
 Name Title

f) Please give details of ongoing training provided to existing employees.

4. Credit Limit Setting and Monitoring Procedures

a) What are the maximum monetary credit amounts that can be approved and by whom?

Name & Title	Authority level

b) Do credit limits include V.A.T.? Yes No

c) Do you set credit limits on:

- i. individual debtors Yes No
- ii. a debtor's parent company/intermediate holding company(ies) Yes No
- iii. the group (ultimate parent) to which the debtor belongs Yes No

Buyer visits Yes No

If yes, who makes them and how often?

Visit reports Yes No

If yes, who writes them and where are they kept?

Other sources?

g) What is the minimum information you require in order to approve a new Credit Limit?

Credit limit amount	Minimum information
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h) Do you have any additional procedures for new customers?

i) What is the minimum information you require in order to approve an increased Credit Limit?

Credit limit amount	Minimum information
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j) How often do you complete a formal review of a Credit Limit?

Credit limit amount	Frequency	What information is updated
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k) Do you give seasonal/temporary uplifts on Credit Limits? Yes No

If yes, how are these correlated with the underlying Credit Limit (e.g. % basis) and to what level?

What information do you review at that time?

Who authorises seasonal/temporary uplifts?

What is the standard/average duration of uplifts?

l) Do you keep a credit file on each debtor? Yes No

If yes, how are they stored and where?

m) Do you keep a Credit Limit history? Yes No

n) How and where do you record Credit Limits?

o) Do you trade in excess of your set credit limits? Yes No

If yes, how often does this happen and what is the authorisation process?

5. Terms of Trade

a) At what point do you make your debtors aware of your Conditions of Sale (e.g. credit application form, invoice etc.)?

b) Who is responsible for setting payment terms?

c) What are your standard terms of payment?

d) Outline any specific arrangements and what percentage of turnover is accounted for by non-standard terms.

e) Who may approve changes to your standard terms of payment?

Name & Title	Authority level

f) Do you have any long-term contracts? Yes No

g) Do you include retention of title in your conditions of sale and has it proved effective?

h) Do you obtain any security for payment? Yes No

If yes, in what circumstances and what types of security?

i) Do you have any factoring or invoice discounting facilities? Yes No

If yes, please give details

6. Exposure and overdue monitoring

a) Are targets set for measuring and reporting on debtor figures? Yes No

If yes, what are they and how often are they monitored?

b) What reports are produced to monitor exposure levels and overdues?

c) How often are they reviewed?

d) Who reviews them and how are action points implemented?

7. Collection practices

a) Do you check the status of the account:

i. before orders are accepted? Yes No
If yes, when?

ii. new shipments made? Yes No
If yes, when?

b) When do you raise invoices relative to when goods are delivered or services are rendered?

c) When do you send out statements?

d) Do you set targets for collections? Yes No
If yes, please give details

e) What action do you take to ensure prompt payment? (Please indicate when you contact debtors, before and after due date)

i. By telephone	Yes	No	Days before due date	Days after
ii. In writing	Yes	No	Days before due date	Days after
iii. Other	Yes	No	Days before due date	Days after

f) Who can authorise requests for payment extensions when accounts are overdue and what is their authority level?

Name	Position	Authority level
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g) On undisputed debts, how many days after due date do you:

- i. Stop shipments? Days*
- ii. Instruct a collection agent? Days*
- iii. Commence legal proceedings? Days*

* **Precise dates required for policy purposes. Please refer to section E.2. of the Policy.**

h) Do you make exceptions to the “stop shipments” date in i. above? Yes No

If yes, please explain in what circumstances

i) What attitude do you take towards further shipments under a contract where there are payment delays?

How are disputes and queries identified as such in your system?

8. Any other information

Please give any other information that you consider relevant.

9. Please attach

Please give any other information that you consider relevant.

- a) Credit Manual Attached / n/a*
- b) Organisational chart of the credit department Attached / n/a*
- c) Copies of credit agency reports used Attached / n/a*
- d) Copies of debtor monitoring reports
 - i. Used within the credit department Attached / n/a*
 - ii. At management level Attached / n/a*
 - iii. At higher board levels (if joint insured) Attached / n/a*
- d) Examples of financial statement analyses Attached / n/a*
- e) Examples of trading experience reports held on file Attached / n/a*
- f) Details of debtors on non-standard terms Attached / n/a*
(contra or set-off, trading, forward dating of invoices, payment plans, retention monies, or other)
including which debtors and countries and the value of sales.
- g) Consignment stock questionnaire Attached / n/a*
- h) Details of any long-term contracts Attached / n/a*
- i) Details of any factoring or invoice discounting facilities Attached / n/a*

* **delete as necessary**

Declaration

On behalf of the Applicant, I declare that:

I have made a fair presentation of the risk in a clear and accessible way after making a reasonable search of information available to the Applicant (including information held by third parties) by disclosing all material matters which the Applicant knows or ought to know.

To the best of my knowledge and belief, the statements set out in the this Credit Procedures Questionnaire and the presentation of the risk are true and complete and that I am not aware of any circumstances that I have not disclosed to you which might influence your assessment of the risk.

I agree that, if you issue the Policy to us, this Credit Procedures Questionnaire, any credit procedures manual and any additional information (oral and written) we have provided to you, shall be incorporated into the Proposal Form.

Name of signatory:

Position in company:

Tel. No.:

E-mail:

Signature:

Date:

For and on behalf of:

Chubb. Insured.SM