



CREDIT PROCEDURES QUESTIONNAIRE

Please print or type and attach additional sheets where necessary

I. COMPANY INFORMATION

1. Legal Name:		
2. Address:		
City:	Province:	Postal Code:
3. Website:		
4. Contact Name and Title:		Telephone:
5. Is there any part of your Credit Dept.'s function outsourced?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If yes, to whom? _____		
6. A copy of the Applicant's credit procedures manual is attached.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If no, please explain: _____		
How often is it updated: _____		
7. Who signs-off on any revisions to the credit procedures manual/procedures? Provide title:		

II. STRUCTURE OF THE CREDIT DEPARTMENT

1. Is your credit management centralized:	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If no, please explain structure: _____		
2. Do all named applicants and divisions follow the credit procedures as outlined in this questionnaire?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If no, please explain: _____		
3. Is your accounting system computerized?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If Yes, is the credit control system fully integrated with the general accounting system?		Yes <input type="checkbox"/> No <input type="checkbox"/>
4. Does your accounting system monitor which accounts are approaching due date for payment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
If no, please explain how you track payment due dates: _____		
5. When are invoices raised and issued?		
6. How often are statements produced and sent?	Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other <input type="checkbox"/>	Explain: _____
7. Do statements show an aged debtor analysis?	Yes <input type="checkbox"/> No <input type="checkbox"/>	If yes, please attach a sample copy
How often is the analysis produced?		Weekly <input type="checkbox"/> Monthly <input type="checkbox"/> Other <input type="checkbox"/> Specify: _____
8. Do you have a standard condition of sale agreed with all customers?	Yes <input type="checkbox"/> No <input type="checkbox"/>	If yes, please attach a copy
9. Who are the persons responsible for your Credit Management Department? Please specify in table below:		

Name & Title	Authority Level in \$	Reports to	Years of Experience in:	
			Credit in General	International Credit

III. AUTHORITY LEVELS

1. Who within the department can: Title: _____
 a. Approve a credit limit for a buyer? _____
 b. Approve an increase in an existing credit limit? _____
 c. Approve a change in payment terms? _____
 d. Decide on the course of action to take in an overdue situation? _____
2. Does the credit department have authority to hold shipments? Yes No
 If no, who has the authority? _____
3. Does anyone outside the credit department have the authority to override a decision of the credit department?
 Yes No
 If yes, please advise who and explain: _____
 Has this actually happened? Yes No Describe situation and results: _____

IV. CREDIT MANAGEMENT PROCEDURES

1. Information sources for assessing buyer creditworthiness. Minimum requirements for:

Information Source	New Accounts	Reviewing Existing Accounts
a. Company Identity Verified	<input type="checkbox"/>	<input type="checkbox"/>
b. Trade References	<input type="checkbox"/>	<input type="checkbox"/>
c. Bank Reports	<input type="checkbox"/>	<input type="checkbox"/>
d. Audited Financial Statements	<input type="checkbox"/>	<input type="checkbox"/>
e. Credit Agency Reports	<input type="checkbox"/>	<input type="checkbox"/>
f. Other sources, please specify :	_____	

2. Are credit limits established and maintained for each buyer? Yes No
3. How often are customers credit limits evaluated?
 Monthly Quarterly Annually Other Please explain:
4. How often are buyers files updated?
 Monthly Quarterly Annually Prior to Shipment Other Please explain:
5. What general guidelines do you use in evaluating a Buyer's financial information to determine creditworthiness?

6. Are credit limits recorded in writing in the Buyer file? Yes No
7. Please explain any differences in requirements for a small, medium and large customer:

8. Do you refer to your customer's account prior to the acceptance of every order? Yes No

9. Are customers' orders obtained in writing? Yes No
If not, what is used to evidence the order?

10. What written credit approval documentation must appear in each Buyer file?

11. Are regular personal visits made to the Buyer? Yes No

If yes, who makes the visits? _____ Are visit reports produced? Yes No

12. What information must be received before granting/extending credit in the following circumstances?

- If Financial Statements are not available: _____
- To Increase a Credit Line to an Existing Buyer: _____
- If there is a change in payment terms in favour of a Buyer: _____

13. How are high risk Buyers identified, and how often are they reviewed? _____

V. CREDIT MONITORING

1. How are credit limits recorded? Computerized Credit System Manual System

Other Please explain: _____

2. Before each shipment is released, how does the credit department make sure the Buyer still meets the minimum of credit approval criteria?

3. Account Receivables are checked against Credit Limits when:

a) Orders are received: Yes No

b) Orders are ready for shipment: Yes No

4. An aging analysis:

a) Is produced at least once a week? Yes No If no, how often? _____

b) Is shown on the statements of accounts Yes No

5. How often are reports of accounts receivables generated and reviewed and who reviews these reports?

VI. TERMS OF PAYMENT

1. How are payment terms established? _____

2. State Normal Terms of Sale: _____

3. Special Terms of Sale: _____

4. Terms of payment are shown: i) on invoices Yes No ii) on statements Yes No

5. Are there any special terms that apply to particular customers: Yes No

If yes, please specify: _____

6. Who is responsible for authorizing non-standard terms of payment?

Name: _____ Position: _____

VII. COLLECTION PRACTICES:

1. Which of the following procedures are used for overdue accounts?

a) Reminder by telephone: Yes No If yes, how many days after due date is contact made? _____

b) Reminder(s) in writing: Yes No If yes, how many days after due date are letter(s) sent? _____

c) Stop Shipments: Yes No If yes, how many days after due date are shipments stopped? _____

d) Legal Action: Yes No If yes, how many days after due date are solicitors/lawyers instructed? _____

e) Collection Agencies: Yes No

If yes, which collection agency is used and how many days beyond due date are they instructed? _____

2. Who has authority to put an account on stop shipment?

Name: _____ Position: _____

3. Who has the authority to extend a due date and/or reschedule an outstanding account?

Name: _____ Position: _____

4. Under what circumstances would a due date be extended?

5. Who reviews overdue accounts and how often? _____

6. At what point would you put an account on "stop shipment"? _____

7. What procedures does your company follow to stop shipment after a Buyer is materially past due?

8. What written documentation evidencing the above will appear in the Buyer's file?

9. Does anyone outside the credit department have the authority to release orders/shipments to an account that has been put on stop shipment? Yes No

If yes, please explain: _____

VIII. EXPORT (Please answer this section only if your company trades with companies overseas)

1. Do you have separate Credit Management Procedures for exports? Yes No

2. Do invoices accompany export documents? Yes No

3. Are exchange rates recorded for each transaction? Yes No

Please provide details of your source of exchange rates? _____

4. Would you pass the account to a third party for collection? Yes No

If yes, to whom, and at what stage?

Arbitrator

Collection Agent

Legal Adviser

5. Who has the authority to put an account on stop?

Name: _____ Position: _____

6. Who has the authority to extend a due date and/or reschedule an outstanding account?

Name: _____ Position: _____

7. Under what circumstances would a due date be extended?

8. Who is responsible for the processing and administration of the export documentation and collections?

Name & Title	Authority Level in \$	Reports to	Years of Experience in:	
			Credit in General	International Credit

IX. OTHER COMMENTS ON CREDIT OR COLLECTION PROCEDURES

(Please attach a separate sheet if necessary and check here)

X. ATTACHMENTS: (Please check if provided)

- 1. Credit Control Manual or Policy
- 2. Aged Debtor Analysis
- 3. Sample Invoice
- 4. Sample Contract of Sale

XI. SIGNATURE AND DECLARATION:

1. The undersigned officer of the Applicant declares that he/she has read and understood the notifications above and that the information given on this form (including any additional attachments) is to the best of his/her knowledge and belief correct and represents an accurate representation of the applicant's credit and collection procedures. It is agreed that this form will be attached to and becomes part of the Application Form.

2. False Information:

Any person who knowingly and with intent to defraud any insurance company or other person, files an Application for insurance containing false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act which is a crime.

Authorized Signature

Title

Typed or printed name

Date

NOTE: THIS QUESTIONNAIRE and all exhibits shall be treated in strictest confidence. For the purposes of the Insurance Companies Act (Canada), this document was issued in the course of Lloyd's Underwriters' insurance business in Canada.