



CREDIT PROCEDURES QUESTIONNAIRE

Pursuant to the warranties of the credit insurance policy, the Insured warrants that it will adhere to its standard credit procedures, as on file with the Company, and consistently follow these procedures to determine each Buyer's creditworthiness. The following questionnaire shall serve as the Insured's standard credit procedures once completed and signed by the Insured and accepted by the Company and shall be attached to and will form a part of the policy. Please feel free to attach additional pages if necessary to explain specific aspects of your company's credit control and collection procedures. If there is a conflict between this questionnaire and other credit procedure documents, this questionnaire shall prevail for the purposes of the policy.

NAME OF APPLICANT (COMPANY): _____

1. Structure of the Credit Department

- a. Who are the senior members of the Credit Department, or who is the individual primarily responsible for making credit decisions? State years of experience.

| Name | Title | \$ Authority Level | Years of Experience in: | |
|------|-------|--------------------|-------------------------|----------------------|
| | | | Credit In General | International Credit |
| | | | | |
| | | | | |
| | | | | |

- b. How many full time, professional employees are in the Credit Department? _____
- c. If credit control is not centralized at the Insured's headquarters, please give the details here: _____
- d. Credit control procedures are known to other departments: Yes No

2. Authority Levels

- a. Who within the Credit Department can:
- | | |
|-----------------------------------------------------------------|-------|
| Approve a credit limit for a new Buyer? | Title |
| Approve an increase in an existing credit limit? | _____ |
| Approve a change in payment terms? | _____ |
| Decide on the course of action to take in an overdue situation? | _____ |
- b. Can anyone within your company overrule a decision by the Credit Department?
 Yes No
- If so, who? _____
- Has this actually happened? _____ How often? _____

3. Credit Evaluation/Administration

- a. For new customers, what is the minimum information required to assess the creditworthiness of the Buyer? Do you use:
- (i) Credit Agency Reports Yes No
 If yes, give names of agencies used _____
 The minimum credit agency rating required is _____
- (ii) Trade References Yes No



- (iii) Bank Reports Yes No
 (iv) Audited Financial Statements Yes No
 (v) Other Sources: _____

b. For existing customers, what is the minimum information required to review the creditworthiness of the Buyers? _____

- (i) How often are Buyer files updated? _____
 (ii) How often are credit limits reviewed? _____
 (iii) Are credit limits recorded in writing in the Buyer file? _____
 (iv) What written credit approval documentation must appear in each Buyer file: _____

c. What general guidelines do you use in evaluating a Buyer's financial information to determine creditworthiness? (For example, rules regarding net worth to size of credit limit, minimum current or debt worth ratios, etc.) _____

d. Are regular personal visits made to the Buyer? Yes No
 If so, who makes such visits? _____
 Are visit reports produced? Yes No

e. What minimum information must be received before granting/extending credit in the following circumstances:

| If No Financial Statements are Available: | To Increase a Credit Line to an Existing Buyer: | If There is a Change in Payment Terms in Favor of a Buyer: |
|-------------------------------------------|-------------------------------------------------|------------------------------------------------------------|
| | | |
| | | |
| | | |

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

4. Terms of Payment

How are payment terms established? _____
 State Normal Terms of Sale _____
 Special Terms of Sale _____

- Terms of payment are shown:
 (i) on invoices: Yes No
 (ii) on statements: Yes No



5. Credit Monitoring

- a. Is the Buyer system manual or computerized? _____
- b. Before each shipment is released, how does the credit department make sure the Buyer still meets the minimum of credit approval criteria? _____

- c. Account Receivables are checked against Credit Limits:
- (i) when orders are received: Yes No
 (ii) when orders are ready for shipment: Yes No
- d. An aging analysis:
- (i) is produced at least once a week: Yes No
 if not, how often: _____
 (ii) is shown on the statements of accounts: Yes No
- e. How often are reports of accounts receivable generated and reviewed, and who reviews these reports?

6. Collection Practices

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

| | | |
|------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Reminder by telephone | <input type="checkbox"/> Yes <input type="checkbox"/> No | If yes, how many days after due date is contact made? _____ |
| Reminder(s) in Writing | <input type="checkbox"/> Yes <input type="checkbox"/> No | If yes, how many days after due date are letter(s) sent? _____ |
| Stop Shipments | <input type="checkbox"/> Yes <input type="checkbox"/> No | If yes, how many days after due date are shipments stopped? _____ |
| Legal Action | <input type="checkbox"/> Yes <input type="checkbox"/> No | If yes, how many days after due date are solicitors/ lawyers instructed? _____ |
| Collection Agencies | <input type="checkbox"/> Yes <input type="checkbox"/> No | If yes, which collection agency is used and how many days beyond due date are they instructed? _____ |

- b. (i) What procedures does your company follow to absolutely stop shipments after a Buyer is materially past due:

- (ii) What written documentation evidencing the above will appear in the Buyer's file:



- c. Would third parties be used locally to assist in collection efforts? (sales representatives, local agents, local legal counsel, etc.)? If so, please elaborate.

- d. Retention of title:

(i) is incorporated in contract terms: Yes No

(ii) is made legally enforceable: Yes No

OTHER COMMENTS ON CREDIT OR COLLECTION PROCEDURES:

Please attach separately any written credit procedures you may have and or any additional comments you may wish to make regarding your credit procedures.

Authorized Signature of Applicant: _____

Name of Authorized Signatory (Print): _____

Title: _____

Corporation: _____

Date: _____

Telephone: _____