



Credit Procedures Questionnaire

Important Notice

1. This is a proposal for a contract of insurance, in which 'Proposer' or 'you/your' means the individual, company, partnership, limited liability partnership, organisation or association proposing cover.
2. This proposal must be completed in ink, signed and dated. All questions must be answered to enable a quotation to be given but completion does not bind you or Underwriters to enter into any contract of insurance. If space is insufficient to answer any questions fully, please attach a signed continuation sheet. You should retain a copy of the completed proposal (and of any other supporting information) for future reference.
3. All facts material to the proposed insurance must be disclosed, fully and truthfully to the best of your knowledge and belief. Failure to do so may make the contract of insurance voidable or severely prejudice your rights in the event of a claim. A material fact is one likely to influence Underwriters' assessment or acceptance of the proposal; if you are uncertain what may be a material fact, you should consult your broker.
4. You are recommended to request a specimen copy of the proposed policy wording from your insurance broker and to consider carefully the terms, conditions, limitations and exclusions applicable to the cover.

Proposer

Name: _____

Registered Number: _____

Address: _____

Post Code: _____

Systems & procedures

Is credit control centralised across all locations to be covered by the policy?

If yes, where is it controlled from? _____

If no, is there any cooperation or coordination between the units?

Which credit management software package do you use? _____

Is the same software package used across all locations?

Credit Department

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

Number	Role

Who are the senior members of the credit department?

Name	Position	Qualifications	Years of relevant experience

Can decisions made in the credit department be overruled? Yes No

If so, by whom? _____

How often has this happened in the past year? _____

Who is responsible for the credit control procedures adopted?

Which main board Director is directly responsible for credit management?
Name: _____ Title: _____

Please give details of ongoing training provided to existing employees.

Credit Limit Setting and Monitoring Procedures

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

Name & Title	Authority level

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

Do you set credit limits on (please tick accordingly):

	Yes	No
Individual debtors		
A debtor's parent company/intermediate holding company(ies)		
The group (ultimate parent) to which the debtor belongs		

If the answer to any of the above is "no", please explain why not and how debtor exposures and group aggregations are monitored and controlled.

How are high risks highlighted and how are they monitored?

What information do you obtain to assess your debtors' creditworthiness?

Financial statements Yes No

If "no", why?

If "yes", how are these obtained and how often?

What level of analysis, scoring or similar is carried out on the financial statements?

If financial statements are not available, how is creditworthiness assessed?

Credit agency reports Yes No

If "yes", which agencies do you use?

How frequently are these updated?

Are old reports retained and if so, how are they stored?

Which rating on the report is used and how?

Previous trading experience Yes No

If "yes", how is it reviewed and stored?

What in your company's view constitutes good trading experience?

For established accounts is trading experience the principal assessment criteria?

Buyer visits Yes No

If "yes", who makes them and how often?

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

Any other sources?

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

Credit limit amount	Minimum information

Do you have any additional procedures for new customers?

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

Credit limit amount	Minimum information

How often do you complete a formal review of a Credit Limit?

Credit Limit amount	Frequency	What information is updated

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? _____

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

If "yes", how are they stored and where? _____

Do you keep a Credit Limit history? Yes No

How and where do you record Credit Limits? _____

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? _____

Terms of Trade

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

Who is responsible for setting payment terms?

Who may approve changes to your standard terms of payment?

Name & Title	Authority level

Exposure and overdue monitoring

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

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

What reports are produced to monitor exposure levels and overdues?

How often are they reviewed?

Who reviews them and how are action points implemented?

Collection practices

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?

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

When do you send out statements? _____

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

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 _____

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

Name & Title	Authority level

On undisputed debts, how many days after due date do you:

	Number of days past due date
Stop shipments?	
Instruct a collection agent?	
Commence legal proceedings?	

Do you make exceptions to the "stop shipments" date in above? Yes No

If yes, please explain in what circumstances _____

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?

Any other information

Please give any other information that you consider relevant.

Please attach

- Organisational chart of the credit department Attached n/a
- Copies of credit agency reports used Attached n/a
- 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
- Examples of financial statement analyses Attached n/a
- Examples of trading experience reports held on file Attached n/a

Details of debtors on non-standard terms
(contra or set-off trading, forward dating of invoices,
payment plans, retention monies, self-billing,
work-in-progress payments or other)
including which debtors
and countries and the value of sales

Attached n/a

Consignment stock contract

Attached n/a

Details of any long-term contracts

Attached n/a

Details of any factoring or invoice discounting facilities

Attached n/a

Credit Procedures Questionnaire

Where the Insured has a written credit procedures manual and this is on file with the Insurer, 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 Insurer in writing.

Where no credit procedures manual exists, this questionnaire, once signed by the Insured and accepted by the Insurer, 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.

Declaration

I hereby declare that I am authorised to complete this Credit Procedures Questionnaire (CPQ) on behalf of the Proposer; and the statements and particulars in this CPQ are true and complete; and no material facts have been misstated or suppressed; and I am not aware of any circumstances that I have not disclosed to you which might influence your assessment of the risk; and I undertake to inform Insurers of any material alteration or addition to these statements or particulars which occurs before any contract of insurance based on the information in this CPQ is effected; and I acknowledge that this CPQ together with the Proposal Form and any other information supplied to Insurers shall be the basis of such contract.

Name of signatory: _____

Position in the company: _____

Signature: _____

Date: _____

For and on behalf of: _____ (Proposer's Name)

About Us

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For more details about our products, please visit our website at www.markelintl.com



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