

Insolvency



Insolvency occurs when:

1. A judgment against the BUYER cannot be satisfied;
2. A BUYER who is a sole proprietor absconds, is adjudged mentally incompetent by a court of law, or dies;
3. Possession is taken of a BUYER's assets under an assignment or a deed of trust executed by a BUYER for the benefit of its creditors;
4. The business assets of a BUYER are sold to satisfy a tax lien;
5. A proceeding for the relief of a BUYER is instituted in a court of bankruptcy;
6. A BUYER transfers or sells its stock in trade in bulk;
7. Possession is taken under a security agreement or other instrument having like effect given by a BUYER on its stock in trade, equipment or accounts receivable;
8. A receiver is appointed for a BUYER;
9. A BUYER's assets are assigned to or taken over by a committee for the sole purpose of liquidation;
10. A BUYER or third party on its behalf makes a general offer of compromise in writing to all creditors for less than its indebtedness;
11. A general meeting of unsecured creditors is called by or on behalf of the BUYER, with the date of the first meeting constituting the date of INSOLVENCY;
12. A receiver and manager, as defined in the Canadian Bankruptcy and Insolvency Act, is appointed for a BUYER;
13. A BUYER files an assignment or makes a proposal to creditors under the Canadian Bankruptcy and Insolvency Act or the Companies Creditors Arrangement Act or

other legislation allowing for the compromise or deferral of creditor's claims. The date of the filing or the date the proceedings are commenced constitutes the date of insolvency;

14. A receiving order or equivalent certificate is made against the BUYER under the Canadian Bankruptcy and Insolvency Act, the date of the receiving order or equivalent certificate constitutes the date of insolvency;
15. A BUYER's assets are sold under the Canadian Bank Act, or a Winding Up Act under the Winding Up Act of Canada is made against a BUYER.

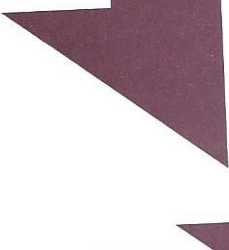
The Fidelity and Deposit Companies
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The Fidelity & Deposit Companies


**Filing Your
Credit Insurance
Claim**




The Fidelity & Deposit Companies

Below are guidelines to help you properly document and file a Credit Insurance Claim. If you need assistance please call **1-800-423-6624**.

Step I

 Review the types of insolvencies covered by your Credit Insurance Policy to determine which situation is applicable to the claim you are filing. A list of the types of insolvencies is located on the back of this brochure.


Step II

 Complete the Notification of Claim form. Make sure you include all requested information pertaining to:

- ◆ **The INSURED**
 - Policy Number
 - Inception and expiration dates
 - Name and complete address
- ◆ **The AGENT or BROKER (if any)**
 - Name and address
- ◆ **The BUYER**
 - Corporate Name
 - Trade or Style name (if any)
 - Complete address
 - Amount owed by the BUYER
 - Coverage Type (Named or Discretionary) and Coverage Limit
- ◆ **The INSOLVENCY**
 - Type of INSOLVENCY that has occurred
 - Date of INSOLVENCY

If there are any special circumstances that may be pertinent to your claim, include those comments on the bottom of the claim form or attach an additional sheet.

Step III

 Provide documentation of your claim. Enclose clear legible copies of the following:

- ◆ **A statement of the BUYER** account, showing invoices and credits. Make sure the balance due is equal to the amount of your claim filing.
- ◆ **Invoices that match** those listed on the Statement of Account.
- ◆ **Proof of delivery**, such as signed bills of lading or signed receipts from a common carrier.
- ◆ **Proof of INSOLVENCY**. This will vary depending on the type of INSOLVENCY that has occurred. Include all correspondence or documents you believe will support the type of INSOLVENCY indicated on the claim form.

Special Claim Information

If your claim is the result of a Bankruptcy proceeding, send two (2) copies of the Proof of Claim form along with a self-addressed stamped envelope to the appropriate court as soon as possible. One copy will be date stamped by the court and returned to you. **This is your proof that your claim was timely filed in the estate.** Include a copy of this form when you submit your claim to us.

Step IV

 Protracted Default Claims
If the circumstances of your account are not one of the Insolvency definitions, you may be covered by the Insolvency Amendatory Endorsement. Determine whether this coverage applies to your business by the following criteria:

1. The account of the BUYER was filed with a collection agency or attorney within 30 days of the expiration of your Maximum Extension Period.
2. All reasonable steps have been taken in an effort to collect the account.
3. The collection agency or attorney deemed the account of the BUYER uncollectible.
4. The BUYER is no longer an operating viable entity.
5. This collection process was completed prior to the termination or cancellation of the policy.

Step V

 A properly documented protracted default claim requires the following:

- ◆ A statement of account
- ◆ Invoices
- ◆ Proof of Delivery for each invoice
- ◆ A copy of the acknowledgement from the collection agency or attorney, where the account was first placed for collection
- ◆ A copy of the letter from the collection agency or Attorney explaining why the account of the BUYER is uncollectible

This is intended as a general outline to use in filing claims. It is not part of the policy and should not be used to establish liability or coverage.