PRIME INSURANCE COMPANY LIMITED
P.O BOX 30280,LILONGWE 3, MALAWI | (H/O) CHIEF KILIPULA BUILDING
Tel: +265 01 753012/757721 | Fax: +265 01 756320
Website: www.primeinsurancemw.com
Email: prime@primeinsurance.mw

PROPOSAL AND QUESTIONNAIRE
FIDELITY GUARANTEE INSURANCE

BROKER ……

INSURED CONTACT'S NAME ……..TEL……FAX……..

IT IS IMPORTANT TO PROVIDE FULL AND DETAILED ANSWERS TO ALL QUESTIONS TO ENABLE THE UNDERWRITER TO TREAT EACH PROPOSAL ON ITS OWN MERITS. THE PROPOSER IS OBLIGED TO REVEAL ANY MATERIAL FACT OR INFORMATION WHICH MIGHT AFFECT THE JUDGEMENT OF THE UNDERWRITER IN DECIDING WHETHER TO ACCEPT THE PROPOSAL OR TO IMPOSE SPECIAL CONDITIONS.-

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SECTION ONE – PARTICULARS OF THE PROPOSER

Name of Proposer ……...

Postal Address ……

Physical Address ……

……

E-mail address……

IT IS ADVISABLE TO INSURE INDEPENDENTLY OPERATING BRANCHES WHICH ARE REMOVED FROM THE DIRECT CONTROL OF HEAD OFFICE UNDER A SEPARATE POLICY.

Nature of Business ……

Year when business was established? ……..

SECTION TWO – INSURANCE HISTORY

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1. Do you currently hold a Fidelity Guarantee Insurance? YES NO
   If YES, give particulars and state whether this policy is to remain in force.

   ……..

   ……..

2. Has any Insurer ever cancelled or refused to accepted or continue any Fidelity Guarantee Insurance or imposed special conditions? YES NO
   If YES, give particulars.

   ……

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SECTION THREE – EMPLOYEES

DEFINITION :

EMPLOYEE SHALL MEAN

a) ANY PERSON WHILE EMPLOYED UNDER A CONTRACT OF SERVICE WITH OR APPRENTICESHIP TO THE PROPOSER.
b) ANY PERSON WHILE HIRED OR SECONDED FROM ANY OTHER PARTY INTO THE SERVICE OF THE PROPOSER

WHOM PROPOSER HAS THE RIGHT AT ALL TIMES TO GOVERN, CONTROL AND DIRECT IN THE PERFORMANCE OF HIS WORK IN THE BUSINESS OF THE PROPOSER.

3.1 State the number of employees in each of the following departments :

Executive Management	……	Purchasing and Sales	……
Management	……	General Administration	……
Accounts/Financial With access to money/securities	……	Security Personnel Your own	……
Without access to money/securities	……..	Others	……...
Computer Analysts/programmers	……	Research/Development	……...
Operators	……..	Blue Collar Workers	……
Support areas	……..	Technical (Engineers etc)	……
Stock and Warehousing	……..	Other (specify)	
		……	……
		Total number	_____

3.2 Has the number of employees changed materially over the last 12 months? YES NO

If YES why? ……...

3.3 Is the number of employees likely to change materially in the next 12 months? YES NO

If YES why? ……...

3.4 Are any of your employees based outside the borders of Southern Africa? YES NO

If YES, give particulars and state where included under 3.1 above ……

……..

3.5 Give details of your screening process for new employees……

……..

3.6 Have any of your employees been dismissed during the last 12 months? YES NO
If YES to Question 3.6, give details for each dismissal……

……..

……..

3.7 Are all employees required to take an uninterrupted holiday of at least two weeks in each calendar year, during which they perform no duties and are required to stay away from the premises? YES NO

SECTION FOUR – ACCOUNTING SYSTEM

IF ANY OF THE FOLLOWING QUESTIONS IS ANSWERED WITH 'NO', DESCRIBE YOUR SYSTEM IN EACH INSTANCE.

4.1 Do you deposit cash and cheques daily? YES NO

……..

4.2 Are receipts written for all cash received? YES NO

……..

4.3 Are all cheques received recorded by a person other than the person responsible for banking ? YES NO

……..

……..

4.4 Is all cash checked by someone other than the person responsible? YES NO

……..

4.5 Are monthly statements sent to customers by post? YES NO

……..

……..

4.6 Are statements of account dispatched by persons other than employees handling cash/cheques? YES NO

……..

……..

4.7 Do all cheques require two signatures? YES NO

……..

4.8 Is each signatory required to examine supporting documents? YES NO

……..

……..

4.9 Are requisitions for cheques with printed signatures authorised by two signatories? YES NO

……..

4.10 Are bank statements, receipts, counterfoils, and supporting documents checked at least monthly against the cash book entries, by persons other than employees making cash book entries or bank deposits? YES NO

……..

4.11 Do you enforce strict and timorous credit control? YES NO

……..

4.12 Are bank statements reconciled on receipt? YES NO

……..

SECTION FIVE – REMUNERATION

5.1 Which department handles remuneration of employees ……

5.2 Describe the screening process applied to staff involved in the payment of remuneration.

……..

……..

5.3 Describe the procedures employed in the payment of salaries and wages ……

……..

……..

……..

……..

5.4 How often and by whom is the payroll checked against a staff register? ……..

……..

5.5 Describe the control procedure for the transfer of deductions for P.A.Y.E Pension, Medical Aid, and other funds……...

……..

……..

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SECTION SIX – STOCK & WARE HOUSING

6.10 Describe your stock (separately for raw materials and finished goods, if applicable)……

……..

……..

……..

……..

6.2 What is the average value of your total stock? ……

6.3 What is the approximate highest unit value? Name the item ……

6.10 Describe your system of check applied to stock arriving on your premises ……

……..

……..

……..

6.10 Describe the controls applied to the movements of stock within your premises ……

……

……

6.10 Describe your system of check applied to stock leaving your premises ……

……..

……..

……..

6.10 Describe your system of inventory control ……

……..

……..

6.8 By whom and how often is a stocktake done ……..

6.10 What action is taken upon discovery of discrepancies between inventory and stocktake?

……

……

6.10 When was your last stocktake done ……..

6.11 Were there any discrepancies? YES NO

If YES, give details ……..

……

……

SECTION SEVEN – PURCHASES

7.1 Do you use list of approved suppliers? YES NO

7.2 Describe you system for purchasing goods ……

……..

……..

……..

……..

7.3 Is there a strict separation of functions between purchasing/receiving and paying/accounting? YES NO

7.4 Prior to payment do you reconcile the order, invoice and delivery note? YES NO

7.5 How do you check that your buyers do not exceed their limits of authority? ……

……..

……..

……..

SECTION EIGHT – SECURITY

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8. De you have a security department? YES NO

8.1 If YES, -describe functions and operating procedure ……

……..

……..

- Is a Security Manual maintained? YES NO

- How do you control adherence to the manual? ……

……..

8.2 If NO, - who is responsible for security? ……..

- describe functions/procedures …….

……

8.3 Describe the perimeter protection of your premises ……..

……..

Describe access and departure controls for

- Your employees ……..

……..

……..

- Other persons ……..

……..

- Your own vehicles ……..

……..

- Other vehicles ……..

……..

8.4 Do you have areas which are restricted to authorised employees only? YES NO

If YES, list the areas and describe how access is controlled ……

……

……

8.5 How do you control access to your premises outside of normal business hours?

……..

……..

……..

8.6 Describe your system of control for strong rooms, safes, vaults, or any other place you keep valuables……...

……..

……..

……..

……..

SECTION NINE – AUDITS

INTERNAL AUDITS

9.1 Who authorises internal audits? ……

9.2 Who carries out internal audits? ……

9.3 Is there an "audit and procedures" manual? YES NO

9.3.1 If YES, was it vetted by your external auditors? YES NO

9.4 Are "surprise audits" made? YES NO

9.5 Are all your operations, including the branches to be included in this insurance, audited on a regular basis? YES NO

9.5.1 If YES, which areas are typically covered? ……

……..

9.6 Is the person responsible for the auditing forbidden to originate entries? YES NO

9.7 When was the last internal audit carried out? ……

9.8 Specify any recommendations made as a result of the audit ……

……..

9.9 Have these recommendations been implemented? YES NO

If no, give reasons ……

……..

EXTERNAL AUDITS

9.10 Is your statutory annual audit carried out by an independent firm of Character Accountants or professional auditors? YES NO

9.11 State their name ……

9.12 How long have your books been audited by this form? ……

9.13 Are all branch offices to be included in this cover audited individually? YES NO

9.14 Are any audits, other than the statutory audit carried out? YES NO

If YES, give details ……

9.15 When was the last audit carried out

- statutory …… – others (specify) ……...

……..

9.16 Specify any recommendations made as a result of the audits ……

……..

9.17 Have these recommendations been implemented? YES NO

If NO, give reasons ……..

9.18 PLEASE ATTACH A COPY OF THE LAST FINANCIAL REPORT.

SECTION TEN – COMPUTER SYSTEMS

This section is only to be completed if you process data electrically using

- a mainframe
- a networked micro/personal computer system
- a non-networked micro/personal computer system which includes managing supervision design creation or alteration of systems or programmes.

10.1 Give a brief description of your system ……

……..

……..

……..

10.2 Are all your branches to be included in this cover, linked to this system? YES NO

If NO, describe their system ……

……..

……..

……..

10.3 Is NO, electronic data processing operation audited regularly? YES NO

If YES, - give details ……

……..

- date of last audit ……..

- specify any recommendations made and whether implemented ……...

……..

……..

10.4 Does your computer system

- Automatically effect payment transfers? …… YES NO
- produce pre-signed cheques? …… YES NO
- produce unsigned cheques? …… YES NO
- produce payrolls for manual payment procedures? …… YES NO
- prepare any payment schedules or cheque requisitions for manual payment procedures? …… YES NO
- control stock? ……... YES NO
- calculate charges for goods or services? …… YES NO
- order goods? …… YES NO

10.5 Does a Data Security Officer implement and administer data security? YES NO

10.6 To whom does the Data Security Officer report? ……..

10.7 Is there a Data Security Manual? …….. YES NO

10.8 Do you record changes made to programmes? ……. YES NO

10.9 Do you record who made those changes? …… YES NO

10.10 How do you ensure that unauthorised amendments to programs are prevented, or are discovered within a reasonable time?

……..

……

10.11 Is there a segregation of duties whereby

- the functions and duties of system design and programming are separate from computer operations? YES NO
- programmers do not operate the computer for regular processing runs? YES NO

- computer operators are restricted from access to data and programme information not necessary for performing their assigned task? YES NO

- the employees from data processing department are separated from all duties related to the initiation of transactions and initiations of request for changes to the master files? YES NO

10.12 Are the operators who are assigned to individual application runs rotated periodically? YES NO

If YES, how often ……..

10.13 When confidential computer output has to be rerun are the original reports destroyed under supervision ? YES NO

10.14 If cheques are prepared by your computer are the stocks of cheques under control of a person other than computer personnel? YES NO

10.15 Are Master programmes and files stored in duplicate under strict security control and separately from working programmes and files as a precaution against simultaneous destruction? YES NO

10.16 Is an analysis compiled and printed by the compiler at the end shift or day, showing jobs processed and time spent on each? YES NO

10.17 How often is this analysis reviewed by the operations manager/supervisor?……

10.18 Are levels of accessibility controlled by using passwords or similar security measures? YES NO

10.19 At what intervals are passwords changed? ……

10.20 Do staff either initial, sign or otherwise identify data they prepare? YES NO

10.21 Is the use of terminals restricted to authorised personnel? YES NO

10.22 If on-line data is used are transactions recorded? YES NO

10.23 Are terminals restricted to the type of message that can be sent or received from it ? YES NO

10.24 Are special log on passwords (different from an individual operator's password) used when logging in a terminal to provide verification of the terminals identity? YES NO

10.25 Do you encrypt data? YES NO

10.26 Do you use software to monitor telecommunications? YES NO

SECTION ELEVEN – LOSS HISTORY

During the last five (5) years did you suffer any Fidelity Guarantee loss of money and/or other property belonging to you or for which you were responsible or did you suffer direct financial loss as a result of fraud by or dishonesty of an employee? YES NO

If YES, give information for each of the losses:

Whom When Place Type of Loss

LOSS 1.....

.....

LOSS 2.....

.....

LOSS 3.....

.....

LOSS 4.....

.....

Give a brief description of how the crime was committed

LOSS 1.....

.....

LOSS 2.....

.....

LOSS 3.....

.....

LOSS 4.....

.....

What actions did you take against the perpetrator?

LOSS 1.....

LOSS 2.....

LOSS 3.....

LOSS 4.....

What steps have been taken to prevent recurrence?

LOSS 1.....

LOSS 2.....

LOSS 3.....

LOSS 4……

SECTION TWELVE – INSURANCE REQUIREMENTS

12.1 Limit of Liability, any one Loss/year …….. K ……..

12.2 Additional Claims Preparation Costs, if required …….. K ……..

12.3 Do you require any of the following Extensions?

- Retroactive cover extension – no previous policy in force …… YES NO

If YES, state : Name of Insurer …… Policy Number ……

Sum Insured …… Inception Date ……

- Reduction/reinstatement of insured amount clause …… YES NO

- Costs of recovery extension Amount required: K …… YES NO

- Extensions for losses discovered more that 24 months after being committed but not more than 36 months thereafter…… YES NO
- Extension granted on receipt of a satisfactory systems audit in respect of losses discovered more that 24 months after being committed …… YES NO

If YES, state name of accounting firm ……

12.4 Voluntary First Amount Payable
In addition to the compulsory amount payable, do you wish to carry an additional deductible?
YES NO

If YES, state the amount (must exceed compulsory amount) : K ……..

12.5 Period of Insurance: From: …….. To ……..

DECLARATION

We declare that the statements and particulars in this proposal are true and that we have not misstated or suppressed any material facts. We agree that this proposal together with any other information supplied by us, shall form the basis of any contract of insurance effected thereon, and shall be incorporated therein. We also declare that no other policy is in force, or will be effected during the currency of the policy now proposed other than a Money Policy or the policy declared under 2.1 of this cope.

Undertake to inform the company of any material alteration to these facts, whether occurring before or after completions of the contract of insurance.

Signing this proposal form does not bind the proposer to complete this insurance, nor does it bind the Nico General Insurance Company Limited to accept the proposal.

SIGNATURE OF PROPOSER : ……..

DESIGNATION : ……..

DATE : ……