

# Visa Liability Waiver Program



## Visa Commercial and Business Credit Card Liability Waiver Program Outline

### I. Program Overview

A company ("Company") which has established a Visa Commercial or Business credit card account ("Account") with a Visa Commercial and Business cards issuing Member ("Financial Institution") may request that the Financial Institution waive the Company's liability for certain charges in accordance with the Visa Commercial and Business Cards Liability Waiver Program ("Program"). Visa has arranged insurance coverage to provide payment to the Financial Institution for covered losses and will administer the Program.

The Financial Institution may waive the Company's liability for waivable charges up to \$100,000 per Visa Commercial or Business card cardholder and be reimbursed by the Program Underwriter ("Program Underwriter") provided both the Financial Institution and the Company have satisfied all Program obligations.

### II. Definitions

- 1 "Financial Institution" shall mean the Visa Member which issues Visa Commercial and Business card accounts to the Company for use by designated employees.
- 2 "Company" shall mean a corporation, partnership, sole proprietorship, or any other entity which has signed a Visa Commercial and/or Business card account agreement with a Financial Institution and subsequently issues Visa Commercial and/or Business card accounts for use by persons designated by the Company.
- 3 "Eligible Cardholder" means a person designated by the Company who is authorized by the Company to use the Visa Commercial or Business card account for Company business purposes only.
- 4 "Charges" shall mean all amounts, including cash disbursements, charged to the Company's Visa Commercial or Business card account with the Financial Institution.
- 5 "Affidavit of Waiver" shall mean a written request or claim form sent from the Company requesting the Financial Institution to waive the Company's charges in accordance with the terms and conditions of this Program.
- 6 "Billed" or "Unbilled" with respect to any Charge shall be based upon the date of the Financial Institution's statement.
- 7 "Notification of Termination" of the Cardholder's employment shall mean the date the Cardholder gives or receives oral or written notice of immediate or pending termination, or the date the Cardholder leaves the Company's service, whichever is earlier.
- 8 "Waivable Charges" shall mean Charges incurred by a Cardholder, or other authorized person which:
  - a) do not benefit the Company directly or indirectly, or in cases where the Financial Institution bills the Cardholder, benefit the Company directly or indirectly, and the Company has reimbursed the Cardholder but the Cardholder has not paid the Financial Institution; and
  - b) (i) are Billed within seventy-five (75) days preceding Notification of Termination, or  
(ii) are incurred but Unbilled as of Notification of Termination, or  
(iii) are incurred up to fourteen (14) days after Notification of Termination; provided, however, that the Financial Institution has received a request to cancel the Account within two (2) business days of Notification of Termination. There will be no coverage after Notification of Termination, as defined, unless notice to cancel the Account is received by the Financial Institution within two (2) business days; and
  - c) are the responsibility of the Company and/or Cardholder for payment to the Financial Institution.

### III. Program Exclusions

The following are not Waivable Charges and are not covered by the policy:

- 1 Charges made by partners, owners, or principle shareholders who own more than five percent (5%) of the Company's outstanding shares, elected directors, or persons who are not employees of the Company. Note that in cases where the company is fully liable for payment for all charges to the Financial Institution, contractors of the company will be considered to be eligible cardholders.
- 2 Interest or fees imposed by the Financial Institution on outstanding unpaid charges.
- 3 In cases where the Financial Institution invoices the Cardholder, any amount on a check submitted by a Cardholder which is not paid by the Cardholder's drawee financial institution as not sufficient funds or due to a closed account, if the Cardholder has, within the last (12) months, submitted any other check to the Financial Institution which was not paid in full by the Cardholder's drawee financial institution as not sufficient funds or due to a closed account.
- 4 Charges incurred to purchase goods or services for the Company or for the persons other than the Cardholder pursuant to the instructions of the Company, in accordance with company policy, if those goods or services are of the type which are regularly purchased by or for the Company. However, these charges would be Waivable in cases where the Financial Institution bills the Cardholder, and the Company has reimbursed the Cardholder, but the Cardholder has not paid the Financial Institution.
- 5 Charges incurred by the Cardholder after Notification of Termination unless the Financial Institution receives a request from the Company to cancel the Account within two (2) business days of Notification of Termination. If cancellation of the Account is received by the Financial Institution within two (2) business days, then coverage will be afforded fourteen (14) days from Notification of Termination, but not beyond.
- 6 Charges incurred by the Cardholder more than fourteen (14) days after Notification of Termination or billed earlier than seventy-five (75) days prior to Notification of Termination.
- 7 Charges resulting from either a lost or stolen Visa Commercial or Business card or bankruptcy/insolvency of the Company.
- 8 Cash advances, after Notification of Termination, shall be limited to \$300 per day, or a maximum of \$1,000, whichever is less.
- 9 Charges incurred by a Cardholder after discovery by the Company of any fraudulent or dishonest act on the part of the Cardholder.

#### **IV. Obligations of the Company**

The Company may request that the Financial Institution waive the Company's liability for Waivable Charges only if the Company meets all of the following requirements:

- 1 The Cardholder's employment is terminated, voluntarily or involuntarily.
- 2 The Company has one (1) or more Accounts in good standing.
- 3 The Company must attempt to retrieve the Visa Commercial or Business card from the Employee.
- 4 The Company must request that the Financial Institution cancel the Account within two (2) business days of Notification of Termination, as defined. Failure to notify within two (2) business days will exclude coverage for any Charges incurred after Notification of Termination.
- 5 The Company must deliver to the Cardholder, or send by first-class mail or fax, a written notice stating that the Account has been canceled, that the Cardholder should immediately discontinue all uses of the Account, that the Cardholder must immediately pay any outstanding amounts owed to the Financial Institution, and that the Cardholder must immediately return the Visa Commercial or Business card to the Company.
- 6 The Company must send a completed and signed Visa Affidavit of Waiver claim form with all required documentation to the Financial Institution within ninety (90) days of Notification of Termination. All claim documents must be filed with the Program Underwriter within one hundred eighty (180) days from Notification of Termination.
- 7 The Company shall promptly give written notice to the Financial Institution in cases where the Financial Institution invoices the Cardholder, if the Company knows or should know that a Cardholder is receiving reimbursement for Charges but is not paying the Financial Institution for those Charges.
- 8 The Company will remit all such amounts to the Financial Institution if the Company recovers any amounts for Waived Charges from any source after the Company has filed a Visa Affidavit of Waiver claim form with the Financial Institution. The Company agrees to assign any rights it may have to collect such amounts from the Cardholder to the Program Underwriter. However, the Company will not be required to pay the Financial Institution any amount that exceeds the loss sustained by the Financial Institution.
- 9 Once a claim has been paid for a given person, no future claims will be considered.

#### **V. Other Insurance**

This program does not cover any loss which is insured by or would for the existence of this policy, be insured by any other existing policy or policies except in respect of any excess (not exceeding the limits of the policy) beyond the amount which would have been payable under such other policy or policies including any deductible applicable thereunder had the Program not been in effect.

#### **VI. Obligations of the Financial Institution**

In order to receive insurance reimbursements from the Program Underwriter, the Financial Institution must:

- 1 Enforce all of the Company's obligations under its Visa Commercial and Business card accounts agreements, and use reasonable efforts to enforce all of the Company's obligations set forth under Section IV, Obligations of the Company.
- 2 Provide the Company with a Visa Affidavit of Waiver claim form and a sample Employee Account Cancellation Notification Letter and Account Cancellation Request.
- 3 Provide the Company with copies or a description of the Waivable Charges billed during the waiver period.
- 4 Make diligent efforts in accordance with its usual credit and collection practices to collect the Charges from the Cardholder or other responsible party and have failed to obtain full payment for said Charges within sixty (60) days from the Notification of Termination.
- 5 Assign any uncollected Charges to a collection agency for collection, with the net proceeds (up to \$100,000) to be paid to the Program Underwriter.
- 6 File a Visa Affidavit of Waiver claim form with the Program Underwriter within one hundred eighty (180) days of Notification of Termination and no earlier than sixty (60) days after Notification of Termination and provide the Program Underwriter with the following documentation:
  - a) A list of Waivable Charges and written evidence that they are Waivable Charges as defined in Section II, Definitions.
  - b) In cases where the Cardholder was reimbursed by the Company but failed to pay the Financial Institution, proof that the Cardholder was reimbursed by the Company (for claims over \$5,000).
  - c) The Company's completed Visa Affidavit of Waiver claim form and proof of the Account Cancellation Request.
  - d) Evidence of all action taken to collect the Charges from the Cardholder.
  - e) A copy of the Company agreement.
  - f) A copy of the Cardholder agreement.

#### **VII. Waiver of Charges**

- 1 Upon receipt of the completed Visa Affidavit of Waiver claim form and verification that the Charges are Waivable, the Financial Institution will waive the Company's liability for those Charges.
- 2 The Financial Institution will then complete the appropriate sections of the Visa Affidavit of Waiver claim form and submit it with all required documentation to the Program Underwriter.
- 3 If necessary, Visa and/or its Program Underwriter may request further documentation regarding proof concerning the Charges in question.
- 4 Upon receipt of adequate documentation from the Financial Institution, the Program Underwriter will reimburse the Financial Institution for all Waivable Charges up to a maximum of \$100,000 for each Cardholder.
- 5 The Program Underwriter will remit payment to the Financial Institution within thirty (30) days of the receipt of all completed documentation.
- 6 Any monies the Financial Institution may receive at any time from the Cardholder or any other source in respect of Waivable Charges will be used by the Financial Institution to reduce the Waivable Charges and/or the amount of any claim the Financial Institution files with the Program Underwriter.