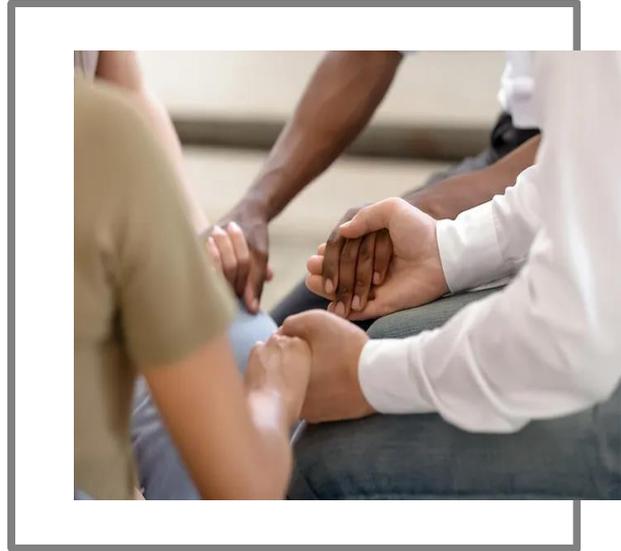


**F**reight

**D**ebt

**P**rotection plan



*Your Association*



*Pacific Global Association Ltd.*

Despite the fact that there haven't been "Zero" debts (last update 23 Nov 2022) since Pacific Global Association Ltd. (Hereinafter "PGA") was established in 2000. Some of the members' annual turnover averages US\$100,000 - 200,000, and several most active members' annual turnover is more than US\$400,000 in the last few years, but no debts were found it is due to the high qualification of members, and their well financial & risk management

Since the PGA's reorganization two years ago, the number of members has gradually risen. The PGA is also actively seeking out new Small-Medium Enterprises (SMEs) in the logistics and supply chains, and we anticipate that the number of members will rise across all specialties in the ensuing years.

Even though PGA strictly screens new members when they apply, we anticipate hesitation from both old and new members to start a business, so we hope that by introducing the Freight Debt Protection (Hereinafter "FDP") plan to strengthen the reciprocal ties between members with additional security if an FDP participant member's debt is due to another fellow FDP participant in the event of bankruptcy.

## **Freight Debt Protection (FDP) plan**

**Version 1.0**  
**W.E.F. 1 Jan 2023**  
**Issued on 8 Dec 2022**

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## (1) Introduction of Freight Debt Protection (Hereinafter “FDP”) plan.

- 1a. It is a **mutual program** of qualified members, and it is not marine/cargo insurance or transport liability.
- 1b. Any eligible member can apply for it at their discretion, with each application being reviewed for eligibility.
- 1c. The FDP only protected the member who participated FDP, If any PGA member has not participated FDP is not covered/Protected. (Note: The member companies' Head office or branch office is an enrolled member of PGA but maybe not all participate FDP plan, please check the member list whether the member companies' s enrolled offices are participating FDP plan)
- 1d. The FDP is managed by the PGA administration, its decision is final, and the funding kept in the FDP will be supervised and managed by the PGA administration on behalf of all FDP participants.

## (2) Purpose

The FDP funding will be used for compensation in case of any other FDP-participant member (Creditor) claims any unpaid invoices or debts arising from commercial shipments as a result of another FDP-participant member's bankruptcy.

Note: A member company that dissolves due to a merger and/or acquisition is regarded as continuing to be liable for its debt and is not protected by the FDP.

## (3) FDP Fee

Each participant contributes US\$500 (Net receivable) annually to the FDP funding pools for this mutual program and all banking and remittance fees and costs will be paid by the FDP participant.

## (4) Refundable

It is a conditional refund, please refer to the following terms:

4a. If an FDP participant withdraws participation in the FDP plan after three years of participation, there is no liability or compensation arising during the period, the member should receive a refund for the entire amount paid. (Note: PGA will assess an administrative fee of 5% of the refundable amount)

4b. If a member withdraws participation in the FDP plan after three years of participation, however, if a liability or compensation arises during the period, the member may only receive a pro-rata refund.

Formula: (The participant's contributed amount) less (a pro-rata of the amount paid for claims from the FDP funds pool in the contribution period.

(Note: PGA will assess an administrative fee of 5% of the refundable amount)

(Example for Participant ABC Ltd)

3*\$500	ABC Ltd withdraw from FDP plan after 3 years
1500	ABC Ltd accumulated contribution (US\$)
-5000	Accumulated paid for claims (US\$) in the period from FDP funds pool
30	No. of participants in the period
-167	Each participant portion in the period
1333	Refund to the participant ABC Ltd (US\$)

4c. It is NO REFUND if the member resigns from PGA, and/or withdraws participation in the FDP plan in less than three years.

4d. If FDP participant liquidates, and/or goes to file bankruptcy but no other member's liability and/or claims to file and no account outstanding with PGA, the refundable money will be returned to this member in three months from the FDP funding.

## **(5) FDP Coverage:**

FDP only protects the FDP participants, the member who has not participated is not covered and protected by FDP plan. And member companies are NOT covered by the FDP Plan if and when they do not have enrolled offices at the place of origin, destination, or transshipment of the shipments.

## **(6) Limit of Liability**

6a. In the event of an FDP participant's bankruptcy, the FDP funding provides a limit liability maximum of US\$10,000 for this participant's freight debt.

(Note: The limit of liability shall increase to US\$20,000 after 3 years of participation)

6b. In the event of a Diamond tier member's bankruptcy, the FDP funding provides a limit liability maximum of US\$10,000, and, in addition, PGA will contribute an extra US\$10,000 (Total US\$20,000) for this member's freight debt.

## **(7) Limit of Compensation**

It is a limit of compensation to the creditor (FDP participants only) in the event of another member (FDP participant) is bankrupted.

7a. FDP participant annually claims a compensation amount maximum of US\$5000 only.

(Note: The limit of compensation shall increase to US\$10,000 after 3 years of subscription)

7b. The Diamond tier member annually claims a compensation amount maximum of US\$5000 only. and PGA will contribute an extra US5,000(Total of 10,000) for compensation.

7c. 10% of the approved compensation amount to be participated by the claimant.

7d. In case it is required to make payments to multiple claimants against a single bankrupted participant, proportional payments will be made, and maximum up to the limit of liability.

7e. The claimant may not get full, or, only a portion of the compensation subject to the FDP funding remaining balance.

7f. For the compensation it is allowed to be 80% of FDP's available funds

## **(8) Freight debt and unpaid Invoice explanation**

8a. It does not include a fee for Container detention, Custom fee & penalties, Dead freight, Demurrage, Expenses due to cargo lien, Interest, Late payment fees, Legal fees, Storage, Tax & VAT.

8b. It does not include a fee for Auction expenses, Currency exchange fluctuation loss, E&O insurance, Goods value, Human errors, Loan, Rental, Release the shipment without lawful document, Transport liability and Warehousing, Debt resulting from war, rebellion, hostilities, riots, civil commotion, and natural disasters, Losses brought on by actions of third parties who intervened, such as fraud, false documentation or other unlawful or tortious behavior, Goods movements through or to countries that have been sanctioned, For any cross-trade or Triangle shipments as were at a place of origin, destination or transshipment not the participant's member office enrolled city of place it is not covered.8c. It does not cover any disputed invoice.

8c. It does not cover any disputed invoice.

## **(9) FDP's Eligibility for current members:**

9a. More than three years in PGA

9b. If less than 3 years in PGA, it is required three reference companies for a credit check and passed.

9c. No debts, payment disputes, and not listed as debt delinquent companies on most popular forwarder's debt platforms during that period.

Such as <https://www.freightdeadbeats.com> & <https://fdrs-ltd.com>

9d. Maintain a transport liability insurance (Not a general marine/cargo insurance policy)

9e. If failure of(9d) but more than five years in PGA.

9f. If failure of(9d & 9e) but holding an IATA membership or approved cargo agent license.

## **(10) FDP's Eligibility for NEW members:**

10a. More than three years of experience in the shipping and logistics field related.

10b. No debts, payment disputes, and not listed as debt delinquent companies on most popular forwarder's debt platforms during that period.

Such as <https://www.freightdeadbeats.com> & <https://fdrs-ltd.com>

10c. Three(3) reference companies for a credit check and passed.

10d. Maintain transport liability insurance (Not general marine/cargo insurance)

10e. If failure of (10d) but holding an IATA membership or approved cargo agent license.

## **(11) Compensation procedure**

11a. FDP only protects the FDP participant's member, the member who has not participated in FDP is not covered, and please refer to this plan (see item 8) does not include the item of fees and expenses.

11b. Member companies are NOT covered by the FDP Plan if and when they do not have enrolled offices at the place of origin, destination, or transshipment of the shipments.

11c. PGA will not accept any claims and/or compensation if the claimant has not filed a claim within 90 (Calendar) days of the invoice date. (PGA will assist the member with this issue under no responsibility)

11d. The following documents are required to file a claim:

# Unpaid invoice (See Item 8), and,

# Related House(HAWB) and/or Master (MAWB) B/L copy, and,

# Three(3) reminders of SOA Statement of Account were delivered to the debtor at reasonable intervals via Email, and the latest reminder needs to be sent within 90 days of the date of the invoice informing the bankrupted member

11e. Any unpaid invoice after the reporting deadline(7 Calendar days) from the date of PGA's announcement of the member's suspension, resignation, and/or termination is not accepted.

11f. FDP will only cover up to 50% of the claim amount if the claimant and bankrupted member are part of other freight forwarding networks.

(Note: A claimant must disclose to PGA whether their company or any of its enrolled branches are holding another network membership. If the claimant does not provide this information, or if PGA determines the information provided is incorrect or incomplete, the claim will be rejected.)

11g. PGA will refer or assist the claimant to appoint a collection agent to recover the payment upon receiving a claim filing, whether your counterparty is going to bankruptcy or not.

(Note: Handling fee or commission to be deducted by the collection agent directly if collected)

11h. After a claim has been filed, any payments received by the claimant from the debtor company must be applied to the claim, starting with the oldest invoice(s) covered by the claim.

11i. PGA reserves the right to offset claim amounts against monies due by the claimant to PGA.

## **(12) Precaution & Obligation**

FDP is a limited compensation for your debt only, closely monitoring your A/R and business partner's behavior to let you avoid bad debts. To protect you and another member's interest and quickly identify any problematic indication of the member, we strongly recommend the members report to PGA if the following happens:

12a. Late payments, such as 30 days of your Invoice date if no credit term, or., over 30 days of your agreed credit period, or., over 60 days from the Invoice date.

12b. No response or reply to your Statement of Account (SOA) in accordance with your agreed-upon credit terms.

12c. Failed to connect a member for daily business correspondence suddenly or abnormally.

12d. If any member is listed on a debts platform as a delinquent company

## **(13) Disclaimer**

PGA will not be liable for any member's failure to meet its obligations to other members or to third parties

Members understand and agree that the FDP is not an insurance policy and that Disputes Resolution is a service.

Both the FDP and the Disputes Resolution Service are resources offered by PGA to its members.

FDP participants understand and agree that the obligations of the Funds hereunder shall not be binding upon any of their Directors/Trustees, shareholders, nominees, officers, agents, or employees personally, but shall bind only the property or assets of the applicable Fund.

Approved by PGA Management

Drafted by PGA administrative

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