

PAYMENT PROTECTION PLAN



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The Conqueror Payment Protection Plan (PPP)

Conqueror (CQR) members are protected against bad debts from other members in several ways.

Strict membership requirements constitute the first line of defence -only the most solvent, reputable, and creditworthy agents are accepted as members. Furthermore, we continue to monitor their performance, and promptly detect any signs of trouble, such as the late payment of an invoice issued by another member. Members must immediately notify the CQR Organization when a member is late with a payment, and a warning light is shown next to the offending member's Agent Profile (Rule 9.8).

But additional security is provided by the optional Payment Protection Plan (PPP), which protects members against losses due to uncollected debts from other members in the event of bankruptcy or insolvency. It does not cover disputed invoices, which are provided for under Rule 9 (Payments) and Rule 10 (Dispute Resolution Service) specified in Rules and Procedures on the website. The annual contribution is now 500 EUR per member, subject to review each year.

During the first quarter of each calendar year, the CQR Organization may disburse up to 80% of the monies in the PPP fund as compensation to participating members with debts outstanding from members who have declared bankruptcy or gone out of business during the year, to a maximum amount of 25,000 USD per debtor, although the amount may not exceed the credit limit posted for the debtor member.

To collect such debts through legal means, the PPP will engage the services of a reputable debt collection agency.

PPP accounts will be kept completely separate from those of the CONQUEROR FN, and will be open to the scrutiny of all participating members.

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Rule 1. Management of the PPP

The PPP is managed and administered by the CQR Organization, whose decision will be final. The CQR Organization will supervise and manage the funds held in the PPP.

Rule 2. Participation in the PPP

Members who subscribe to the PPP will be covered by the plan as long as they pay the annual fee and remain in good standing in CQR, but will lose their coverage if they resign or are expelled from CQR for infringing the rules.

Rule 3. Purpose

The PPP is intended to provide the means whereby which a CQR member (creditor) can recover unpaid funds/ invoices arising from commercial shipments that are owed by another CQR member (debtor) which has declared bankruptcy or gone out of business. A member company that ceases to exist as a result of a merger and/or acquisition is considered to remain liable for its debt and is not covered by the PPP.

Rule 4. Accounting Period

The financial year for the PPP is the same as CQR's financial year.

Rule 5. Member Coverage

The PPP will cover debts incurred by members of up to 25,000 USD per debtor.

Rule 6. Contributions

CQR Organization will determine the annual participation fees.

6.1. The annual PPP participation fee is now set at 500 EUR per member. It will be reviewed each year, but increases will never exceed 10% in a single year.

6.2. Annual PPP participation fees are due within 15 days of receipt of the PPP invoice, and all bank and transfer costs and fees will be paid by the participant.

Rule 7. Compensation Procedures

When the debtor's membership in CQR is terminated, notification of the termination will be given by email along with a deadline date for making any claim against the PPP. No claim received by CQR Organization after the deadline will be considered. Participants who apply for compensation must satisfy the CQR Organization that:

- The unpaid invoice relates to services in connection with international shipments.
- The invoice was correctly issued in conformity with the CQR Rules and Procedures.
- Three reminders were sent at reasonable intervals, the latest being within 90 days of the date of the invoice informing the defaulter that a report would be filed with CQR.

Rule 8. Operating Rules for CQR PPP

In its report, the PPP participant will formally request the CQR Organization to contact the defaulter and assist in the recovery of the sum or sums overdue. If no request is made within 90 days of the date of the invoice, then the overdue sum will cease to qualify for any compensation. Upon receipt of a request for compensation, the CQR Organization will verify that the creditor complied with the aforementioned procedures, that reasonable attempts to resolve the matter were made and were unsuccessful, and that no claim submitted after the report date as announced by CQR was taken into consideration.

Rule 9. Compensation Evaluation and Calculation

During the first quarter of each financial year the CQR Organization at its sole discretion will review and evaluate both every individual claim and the total of claims received the previous financial year, using the following criteria:

- 9.1. The gross amount of an invoice taken into consideration will be exclusive of local taxes, VAT, and interests charges for late payments.
- 9.2. The sum of invoices from any creditor/s will be reduced by the amount of any invoices or charges owed by the creditor/s to the debtor.
- 9.3. In the event that it becomes necessary to make payments to multiple creditors within the same fiscal year, proportional payments will be made up to a maximum limit of 25,000 USD per debtor.
- 9.4. The compensation will be limited to 80% of available PPP funds. The balance of any monies not distributed in the corresponding financial year will be used to increase the PPP funds.

Rule 10. Procedures for PPP Compensation

For a compensation request to be honored, each claimant will provide documentation to the CQR Organization establishing the following:

- 10.1.** The unpaid invoice/s relates to a service rendered in conjunction with the shipment documents (Bill of lading, AWB, etc.)
- 10.2.** Services were provided by and at the request of a current member.
- 10.3.** The invoice/s in question meet/s all legal requirements of the country in which it was issued and meets the following minimum requirements.
 - 10.3.1.** Complete name and contact information of the company that issued the invoices.
 - 10.3.2.** Complete name and contact information of company billed.
 - 10.3.3.** Date on which the invoice was issued.
 - 10.3.4.** Date of service/s for which the invoice was issued.
 - 10.3.5.** Amount billed for the service/s rendered.
 - 10.3.6.** Rate quotation details.

Rule 11. Subrogation

Before any compensation payment is required, the CQR Organization will notify the participant of the compensation amount calculated under Rule 10. As a condition of entitlement the participant will accept and will make in writing the irrevocable transfer of its rights against the debtor in these matters to the CQR Organization.

Rule 12. Administration and Operating Costs

The CQR Organization will draw on PPP funds to pay legal and other costs incurred in recovering bad debts among members, and to pay expenses incurred in the ordinary management and administration of the fund. A full accounting of these expenditures will be available to all contributors to the PPP.

Rule 13. Effective Date

No application for compensation will be accepted in respect of an invoice if the date of the service is prior to the applicant's participation in the PPP.

Rule 14. Acknowledgment of PPP Operating Regulations

All members will acknowledge that they have read and understood the Rules and Regulations governing the PPP. Acknowledgment will consist of a signed statement indicating consent to participate in the PPP. Members that do not submit this signed statement will not be eligible to receive payment under the PPP.

Rule 15. Payment of PPP Claims

Payment of approved claims under the PPP will be made during the first quarter of each calendar year.

Rule 16. Jurisdiction

Any legal disagreement, conflict, dispute, controversy, interpretation or enforcement of any document related to the PPP shall be submitted to the jurisdiction of Spanish law courts in Madrid, to the exclusion of the jurisdiction of the courts of another country.

Rule 17. Disclaimer

The CQR Organization 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 PPP is not an insurance policy and that Disputes Resolution is a service. Both the PPP and the Disputes Resolution Service are resources offered by CQR to its members.



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