

# Receivable Protection Program



HHGFAA

## Operational, Procedural and Governing Regulations



 *Household Goods Forwarders Association of America, Inc.*



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**Section I: Receivable Protection Program (RPP) Basics:**

- A. The HHGFAA Receivable Protection Program (RPP) is intended to establish a process through which an HHGFAA member in good standing can recover unpaid funds/invoices stemming from commercial shipments and governmental, (U.S. Department of Defense shipments are not covered) owed to them by another HHGFAA member. Initially, recovery of unpaid funds will be limited to those due from HHGFAA member companies which have declared bankruptcy or have ceased to exist as a result of being financially insolvent or otherwise unable to continue operations. A company that ceases to exist as a result of a merger and/or acquisition by another entity is considered still liable for its debt and is not covered under the RPP. After the program matures, unpaid funds retrieval may be expanded to eliminate this limitation.
- B. The RPP is a voluntary self-funded plan and in order to initiate and launch the RPP, current Active and Associate Members of the Association wishing to participate in the RPP are required to pay a one-time RPP initiation fee of:
- \$250.00 if joining the RPP in the 1<sup>st</sup> year  
(July 1, 2007 - June 30, 2008)
  - \$350.00 if joining the RPP in the 2<sup>nd</sup> year  
(July 1, 2008 - June 30, 2009)
  - \$500.00 if joining the RPP in the 3<sup>rd</sup> year  
or any year after that.  
(July 1, 2009 - June 30, 2010 & After)
- C. New Active and Associate Members who are approved for HHGFAA membership after the initial launch of the RPP will have the option of joining the RPP by paying the required initiation fee. This fee will be determined annually by the HHGFAA Executive Committee.
- D. The HHGFAA Executive Committee will allocate \$90,000 to the RPP in the first year and \$15,000 for the second through the fourth year if required to maintain in the financial viability of the RPP.

- E.** Once a member has joined the RPP, that member is covered under the RPP so long as the member remains in good standing and continues to be a member of HHGFAA without interruption. Should a membership lapse, the reinstated member will be required to pay a re-joining fee for the RPP, which will be established by the Association's Executive Committee.
- F.** Once initiated, members participating in the RPP will be covered annually for up to a maximum of \$25,000.00 (less a 20% deductible). This maximum level of coverage will remain until changed by the Executive Committee. Maximum coverage level is based on a sliding scale, associated with overall RPP participation levels
- G.** An annual RPP membership participation assessment commencing the fiscal year following the year of joining, not to exceed \$100.00 per member, will be assessed to ensure that RPP funds are at a level necessary to pay filed RPP claims.
- H.** HHGFAA members participating in the RPP will have an ICON and/or identifier designating them as an RPP participant next to their company name in the Association's printed annual membership directory and in its on-line electronic membership directory.

## **Section II: RPP Operational Regulations:**

### **A. Official Name:**

The official name of the program is the "*Household Goods Forwarders Association of America Receivable Protection Program*" (RPP)

### **B. Description:**

The RPP is a program of the Household Goods Forwarders Association of America, Inc. (HHGFAA) which provides for the complete and/or partial payment of unpaid commercial and governmental shipment invoices (U.S. Department of Defense shipments are not covered) by a HHGFAA member which has filed for bankruptcy or has ceased to exist. Benefits are available only to HHGFAA members in good standing who have met the RPP requirements.

### **C. RPP Management & Oversight:**

The RPP will be managed and administered by the HHGFAA under the supervision of its Executive Committee. The association President has established a RPP Advisory Committee to assist the Executive Committee in this endeavor. All decisions reached by the Executive Committee will be final. All communications related to the RPP should be addressed to the HHGFAA Headquarters at 5904 Richmond Hwy, Suite 404, Alexandria, VA 22303.

### **D. Participation:**

Participation in the RPP is voluntary and will be open to all current and future HHGFAA members who pay the one-time program initiation fee and annual participation fee. Only HHGFAA members who are in good standing and who are current in the payment of their fees will be eligible for RPP benefits.

### **E. Compensation Limits:**

The limits for payments under the RPP will be established for each fiscal year by the Executive Committee. The RPP annual payment limits are to be set at the sole discretion of the HHGFAA Executive. The annual payment limits are subject to:



1. A minimum and maximum U.S. dollar value. This value will be established by the association's Executive Committee.
2. A maximum total annual distribution limit of two hundred and fifty thousand U.S. dollars (U.S. \$250,000.00), or up to 50% of the available RPP funds, whichever is lower.
3. A maximum annual compensation limit per individual participant which cannot exceed Twenty-Five Thousand U.S. dollars (U.S. \$25,000.00) annually, subject to a 20% deduction for each unpaid invoice.
4. In the event that it becomes necessary to make payments to multiple participants within the same fiscal year and in the event that such payments exceed RPP's maximum distribution limits for said fiscal year, proportional payments will be made.

**F. Accounting Period:**

The RPP will have the same fiscal year as the HHGFAA, which commences on July 1 and ends on June 30.

**G. Program Funding and Participation Fees:**

The RPP will be established and funded as follows:

1. The RPP's initial funding will come from the operating funds of the HHGFAA and in the form of a one-time contribution of ninety thousand U.S. dollars (U.S. \$90,000.00). This amount corresponds to approximately fifty U.S. dollars (US\$50.00) for each current Active and Associate member of HHGFAA.
2. The year one RPP participation fee for all current Active and Associate HHGFAA members is set at two hundred and fifty U.S. dollars (U.S. \$250.00). This fee will increase over the three years following year one, reaching a final participation fee as outlined in Section I.B.
3. Incoming members of HHGFAA who join the RPP after the initial program launch will be charged a program initiation fee equal to or higher than the RPP one-time participation fee originally established.

4. HHGFAA may contribute up to fifteen thousand U.S. dollars (U.S. \$15,000.00) annually to the RPP from Association funds beginning with the second and ending with the fourth year.
5. An annual RPP participation assessment will commence the fiscal year following the year of joining the RPP, and will not exceed \$100.00 per participant per year.
6. All RPP participants may be charged a special assessment program fee to ensure that RPP funding levels are at a level sufficient to pay pending claims.

**H. Procedures for RPP Compensation:**

In order for a request for compensation to be honored, each applicant must provide documentation to HHGFAA establishing the following:

1. The unpaid invoice relates to services rendered in conjunction with the transportation and/or handling of household goods, personal effects and/or motor vehicles.
2. Services were provided by and at the request of a current member of the HHGFAA.
3. The invoice in question should meet all legal requirements of the country in which it was issued and must meet the following minimum requirements:
  - Complete name and contact information of entity (company) issuing the invoice
  - Complete name and contact information of entity (company) being billed
  - Date on which invoice was issued
  - Date of service(s) for which invoice was issued
  - Type of service(s) rendered
  - Date of service(s) that is being billed
  - Amount billed for service(s) rendered
  - Name of shipper and/or shipment reference number
  - Rate quotation details, or filed general rate applicable and booking agent for service copy

4. Applicant must demonstrate that at least three (3) requests for payment had been sent in reasonable intervals over the preceding 90 days and that applicant has informed the debtor that a claim will be filed under the RPP.
5. Applicant must furnish the required RPP "Notification of Potential Claim" form within one hundred and twenty (120) days of the initial issuance of the invoice in question. The complete RPP request for payment and/or claim form must be filed no later than one hundred and eighty (180) days of the initial issuance of the invoice in question.
6. Applicant should, when reasonably feasible, verify the company which has failed to pay the invoice has filed for bankruptcy or has ceased business operations.
7. Upon receipt of the application for payment and the completed RPP claim form and associated support documentation (Section II.H.3.), the HHGFAA will confirm the following:
  - a. The RPP participant has met and complied with the above-stated requirements and procedures.
  - b. The invoice which is presented for payment is related to the international moving/forwarding of household goods and/or personal effects, and that services were requested and rendered by a HHGFAA member.
  - c. All reasonable attempts to collect the funds and resolve the matter have been unsuccessful.
  - d. The requested payment falls within the minimum/maximum established limits per participant per year.
  - e. The "Notification of Potential Claim" form for payment under the RPP has been submitted within 120 days of the original invoice.

f. The submitted claim is not based on an invoice with an original issue date that is older than 180 days. If it has been more than 180 days and the RPP had not been previously notified of the outstanding balance, than that overdue sum no longer qualifies for compensation under the RPP.

**I. Documentation Requirements for RPP Compensation:**

In order for a request for compensation to be honored, each applicant must provide documentation to HHGFAA establishing that:

- a. The unpaid invoice was issued in accordance to parameters established under the RPP.
- b. The unpaid invoice was issued for services connected to the transportation and/or handling of household goods, personal effects and/or motor vehicles and all services provided and charged for were performed by HHGFAA members.
- c. The unpaid invoice was followed by at least three reminders at reasonable intervals (approx. 30 days), with a third reminder being made no later than 90 days from the date of the original invoice.
- d. The defaulting entity is informed that a report of "non-payment" will be made with the HHGFAA, Inc.

**J. Additional RPP Assurances:**

HHGFAA reserves the right to require additional fees payable to the RPP from members with a disproportionate record of claims against them totaling five (5) or more claims in a given fiscal year, or exhibiting a consistent propensity for slow and/or delayed payment of invoices. Failure to address systemic failures to pay delinquent invoices may contribute to a company's removal from HHGFAA membership. (*This paragraph is included in the document for legal reasons in anticipation of potential future RPP coverage and/or participant requirements.*)

**K. RPP Subrogation:**

Before payments will be made, the HHGFAA will notify the claimant of the amount of the proposed payment and require the claimant to sign a statement which subrogates HHGFAA to all rights of the claimant on the debt paid by the RPP.

**L. Period of RPP Insurance Coverage:**

Claims for payment of invoices bearing an original date of issuance and/or date of service that predates the participating member's date of membership in the HHGFAA do not qualify for the RPP and will not be paid. Companies that cease to be members of HHGFAA forfeit their right to submit any claims under the RPP. Please reference Section II.H.3 for invoice requirements.

**M. Financial Qualifications:**

Association Members wishing to participate in the RPP must complete the required section(s) of the official RPP application and submit the application along with the associated participation fee to HHGFAA. Applicants are encouraged to complete the "optional" section(s) of the official RPP application, which will contribute to minimizing the request for additional financial documentation should a dispute arise during the RPP claims process

**N. Acknowledgement of RPP Operational Regulations:**

All HHGFAA members who wish to participate in the RPP must acknowledge that they have familiarized themselves with the rules and regulations governing the RPP. Acknowledgement will consist of a signed statement indicating consent to participate in the RPP. Members that do not submit this signed statement are not eligible to receive payment under the RPP.

**O. Payment of RPP Claims:**

Payment of qualified claims under the RPP will be made the fiscal year following the fiscal year during which the claim was made, once all claims against the RPP have been received and reviewed. All payments are subject to individual and overall program maximums, as indicated in Section II.E.2 & II.E.3.

**P. RPP Liquidation and/or Dissolution:**

In the event that the RPP has to be liquidated or has to be dissolved for any reason, the RPP Advisory Committee, after notifying the RPP membership, will comment on the process to assist the HHGFAA Executive Committee in disbursing the remaining RPP funds in the following order:

1. Payment of outstanding expenses.
2. Compensation of approved pending claims.
3. Absorption of remaining funds into HHGFAA's general operating fund.

**Q. Governing Laws:**

Any legal disagreements or controversies arising from the administration of the RPP will be interpreted in accordance with the applicable laws of the District of Columbia. Any conflict arising from the interpretation or enforcement of the RPP rules will be submitted to a court in the District of Columbia or the State of Virginia which has jurisdiction over the subject matter of the dispute.

### Appendix

Contingent on the initial member participation level, compensation and/or receivable protection is provided on a sliding scale as outlined in the table below.

<b># of RPP Participants</b>	<b>Maximum Associated Protection</b>
100 - 200	\$5,000.00
200 - 400	\$10,000.00
400 - 600	\$15,000.00
600 - 800	\$20,000.00
800+	\$25,000.00