

**TO: ALL TRUSTEES, REGION PRESIDENTS, 100% NMRA CLUB COORDINATOR,
NMRA SIG COORDINATOR**

FROM: JOHN E. ROBERTS, PRESIDENT

DATE: JANUARY 6, 2005

SUBJECT: *NMRA PROPERTY AND LIABILITY INSURANCE PROGRAM FOR 2005*

In late November we concluded our negotiations for the NMRA's insurance coverage for the 2005 year. Our primary coverages renewed November 22, 2004 and continue to require less effort on the part of HQ, Regions, and Divisions from an administration viewpoint. Coverage continues to extend to 100% NMRA Clubs and NMRA Special Interest Groups (SIG's).

Tim Maier of J.A. Bash Company of Pittsburgh (also current agent for the NMRA Model Insurance Program) assisted us with the renewal with Peerless Insurance Company (part of Liberty Mutual Group).

It is my hope that this memo will assist all groups in understanding how our program works, and will get everyone on the same page regarding how the policy impacts each level of the organization. I've also included a list of questions and answers that are most frequently asked.

Please read this memo carefully and be sure each Division Superintendent, 100% NMRA Club and NMRA SIG Group, does the same. If you have any questions, please forward them to HQ Administration Department (Jenny Hendricks) or to me for review and/or clarification. Please do not contact our broker/agent directly.

Overview of Coverage:

The 2004 – 2005 Property and Liability Insurance Program is with Peerless Insurance Company (same company as last year). Our General Liability Insurance Policy covers all NMRA business activities in the US and Canada including NMRA Canada. All Region, Division, 100% NMRA Clubs and NMRA SIG sponsored events are covered up to a specific limit of liability provided for in the policy. The policy "blankets" the entire NMRA except overseas Regions and Divisions. Regions and Divisions outside the US and Canada are not covered by this policy.

Once again, this year's policy does "not require" reporting of meeting or event sites to "trigger" coverage – it's automatic. We would appreciate an annual report of all meeting dates and locations from each Region and Division so the Underwriter (Peerless Insurance) has a good idea of the NMRA's exposures (please send lists to HQ). If date or locations of meetings change, don't panic because coverage is in force even if the venue changes. This has been done to cut down on the amount of interaction on insurance with the Administration Department and others. The insurance carrier also has no problem with how we choose to identify an event (i.e., train show, flea market, swap meet, convention, seminar, etc.) as long as the event is an official NMRA sponsored event. If you need

specific Certificates of Insurance (for landlords, building owners, etc.), the process will be explained later in the memo.

Coverages for national conventions are detailed in the convention procedures and questions can also be directed to Henry Jordan and his staff.

Who Is Covered?

All officially sponsored NMRA (by 100% NMRA organizations) events in the US and Canada. Unfortunately, we are not able to get coverage extended beyond the US and Canada at this time. Officially sponsored events do not have to be reported to “trigger” coverage. Each Region and Division will be sent a master Certificate of Insurance so they can show meeting site landlords, etc. that they as an NMRA entity have Liability Coverage. There is no administration fees for this basic Certificate of Insurance. J. A. Bash Co. will issue a sample certificate of insurance to each Group. This should have been completed already as each Region was asked for Division contacts. 100% NMRA Clubs and NMRA SIG's can also request sample certificates from HQ. Individual meeting sites do not have to be endorsed onto the policy for coverage to apply.

The only time a Region, Division, 100% NMRA Club, or NMRA SIG will be charged a fee is when a particular landlord or meeting site provider wants a Certificate of Insurance showing them as an Additional Insured for the timeframe of the event. These requests should be sent to the HQ Administration Department **45 days prior** to the scheduled event. For example, if you call on a Thursday for a weekend event, you are not going to get the certificate in time and may have to cancel the event because the location may not let you go forward with the event without the Certificate of Insurance adding them as an Additional Insured on the NMRA Policy.

The HQ Administration Department will continue to process all requests for specific site certificates and there will continue to be **\$25 administration fee** for each certificate request. This will be charged to each Region/Division/100% Club/SIG for any certificate showing a requesting party as an Additional Insured for an event. Again, you do not need a specific certificate for each event unless the landlord or location of the event requires one. Multiple certificates requests can be included on one request for a single \$25 administration charge. We will not specifically name anyone as a “Named Additional Insured” directly to our policy, but will show them as an Additional Insured for the event by way of the Certificate of Insurance. Again, coverage is automatic for all NMRA officially sponsored events in the US and Canada.

If events are co-sponsored, the NMRA Region, Division, 100% NMRA Club or NMRA SIG, name should appear as the sponsor and it should be known to the other sponsor(s), particularly if they are non-NMRA entities, that 100% of the liability, should a claim occur, may not be totally covered by our policy. This is a gray area and it cannot be answered in a final and clear-cut fashion.

It should be noted that in the event of a claim and it is discovered that the NMRA Sponsoring Group (Region, Division, 100% Club, SIG) has members that are non-NMRA members, coverage could be jeopardized, particularly for non-members. Our coverage does extend to non-NMRA members who are invited to participate in the event(s), but I would advise non-NMRA entities to also carry their own Liability Insurance Coverage.

How Much Is Covered?

The Peerless Policy provides up to \$1,000,000 in coverage per occurrence with a maximum limit of a \$2,000,000 aggregate of claims annually. This means for a given policy year, we could, for example, pay two different claims each up to \$1,000,000, unless they were injured in the same occurrence. Or, for all claims in a given year there is a maximum of \$2,000,000 in coverage. It should be noted the NMRA also carries an Umbrella Liability Policy with Peerless Insurance for an additional \$5,000,000 in coverage per occurrence and maximum \$5,000,000 annual aggregate limit.

If a meeting site or landlord requests a Certificate of Insurance for an event, we will limit the amount shown on the certificate to our basic \$1,000,000 Liability Coverage.

It should be noted that if a claim or claims exceed the maximum in any one-year or occurrence, the assets at the NMRA could be at risk. I, along with our agent, feel we are carrying the correct amount of Liability Insurance Coverage for the exposure of our operations.

Our Liability Policy does not cover buildings, equipment, supplies, etc. These are covered for HQ Administration Department, Kalmbach Memorial Liability and Howell Day Museum under the Property section of the Peerless policy. Very little Property Insurance Coverage extends beyond the Headquarters Building. Model room coverage will be explained later in this memo.

100% NMRA Club Liability Insurance Coverage:

Peerless Insurance will continue to offer the NMRA Liability Policy to cover 100% NMRA Clubs in this year's policy. In order to obtain the coverage, each interested 100% NMRA Club needs to contact the HQ Administration Department (Jenny Hendricks) and provide the necessary exposure details (i.e., club name, address, and building site information). A **\$50 administration fee** will be required to add any 100% NMRA Club to the Policy.

The Club should also provide information on all entities needing Certificates of Insurance at the time that they notify the Administration Department of their request for coverage. No additional fees will be charged for certificates unless Certificate Holders change within the policy period, in which case a \$10 fee will be charged for issuing each new certificate.

This continues to represent a tremendous change for our 100% Clubs as it now probably costs a Club in the neighborhood of \$500 - \$1,000 annually to acquire such coverage and they be covered for a \$50 administration charge (not premium). There is not a separate premium charge for each individual Club but rather there is a group rate figured in as part of the overall NMRA liability premium on an annual basis.

NMRA Special Interest Groups:

The Peerless Insurance Co. Liability Policy also extends coverage for events sponsored by NMRA Special Interest Groups. If site specific certificates are needed, a \$25 administration fee will be charged by HQ. All requests for coverage should be sent to HQ Administration Department (Jenny Hendricks).

Property Insurance for Clubs:

Property Insurance for equipment, models and layouts is available for 100% NMRA Clubs and for non-100% NMRA Clubs that purchase a sustaining membership in the NMRA. The insurance product is available through J. A. Bash Co. of Pittsburgh and is separate from the overall NMRA Corporation Property Insurance Program. This is the same program that we make available to all members. Building Insurance is not available through this program; however, J. A. Bash will be able to assist any NMRA Club that needs to pursue Building Insurance. Please process all of these type requests through the Administration Department (Jenny Hendricks).

Model Room Coverage:

The NMRA Insurance Policy with Peerless Insurance covers model contest room models that are in our (NMRA) care, custody, and control. Regions and Divisions no longer have to apply for this to cover models, photos, or artwork in model contest rooms at conventions – coverage is automatic. We do expect Regions and Divisions to cover the \$250 deductible in the event there is a claim. The maximum coverage is \$100,000. It is important to be sure that each entrant completes the “value of entry” box on the contest entry forms so that we will have a good idea of the value of the article if a loss occurs.

Dishonesty Coverage:

The Commercial Crime Coverage section of the Peerless Insurance Policy extends “Dishonesty” Coverage to Region Treasurers with a liability limit of \$100,000. Any Regions involved in a loss will be expected to cover the \$1,000 deductible. This coverage is available to our US and Canadian Regions only.

Questions About Insurance Coverage:

Please direct any questions to Jenny Hendricks – Administrative Office manager – Administration Department at **(423) 892-2846** or via e-mail at **HQ@hq.nmra.org**.

Again, please do not place calls directly to our insurance agent or insurance carrier.

I will also be available to answer questions via e-mail or phone (both are located in the masthead of Scale Rails). Thanks for your continued cooperation with this program.

FREQUENTLY ASKED QUESTIONS AND ANSWERS

1. ***Are individual NMRA members covered by the NMRA Liability Insurance Policy?***

Yes, individual members are covered by the policy when they are engaged in NMRA business (i.e., conducting clinic or presentation for outside group(s)).

2. ***My division has members that are not NMRA National Members – are they covered?***

Basically, the answer is no. A person must be a member of the NMRA for coverage to apply. Non-NMRA guests at meetings, convention, shows, etc., are not personally covered by our policy but the events are covered by the policy and non-members would only be at risk if they would be specifically named in a claim action. The NMRA would endeavor to have coverage apply as broadly as possible in these situations but there are no guarantees.

In addition, all Regions and Divisions have been instructed that they are not to solicit members that are non-NMRA National members. Certainly, we continue to encourage guests to attend all of our functions (National, Region, Division, 100% NMRA Clubs, SIC).

3. ***Can coverage be extended to a home layout tour where the host is a non-NMRA member?***

Yes, the requested layout location can be added to our policy for a \$25 administration fee (45 days prior to event). Coverage would apply for the day(s) and hours of the event only.

4. ***Are show vendors and module layout operators covered by the NMRA policy at a Region, Division event?***

Yes, the NMRA as sponsor of the event would be the primary insurance policy applied to claim arising out of the event operations. However, individual groups, vendors, layout operators could also be named in an action and while the NMRA policy would be primary, they also should be aware of the risk and have their own coverage. This is a gray area and anything can happen in a legal proceeding. There is certainly a higher risk for non-NMRA member or individual group if they are specifically found negligent in a claim action.

5. ***Does the NMRA Policy cover car and van rentals?***

Yes, only for employees and national executives. If your Region or Division needs to rent buses, vans, or cars for event transportation, it is not covered by our policy and specific coverage should be purchased or arranged through the rental company.

6. ***Can a non-100% NMRA Club purchase Model Insurance?***

Yes, a non-100% Club can become a sustaining members of the NMRA and apply through J. A. Bash for coverage.

7. ***Can a non-100% NMRA Club purchase Liability Coverage through National?***

No, a Club must be 100% NMRA to qualify for NMRA Liability Coverage. They can however contact J. A. Bash to purchase a separate Liability Policy.

8. ***Can more than one certificate be requested for a \$25 administration fee?***

Yes, basically each time you send a request to HQ a \$25 fee will be assessed. A single request can include multiple certificate requests for a number of events (Division meetings, etc.).

9. ***Where do I report a possible claim from a event or activity?***

Call HQ (Jenny Hendricks) as soon as possible and she will notify our agent (J. A. Bash & Co. – Pittsburgh).

10. ***One of our event site providers has asked for a copy of our insurance policy, can we get a copy?***

No. We do not provide copies of our policy to any outside organization but will discuss any and all issues upon request. Please let us know if you have a problem with any site risk manager or official that may need additional information about the NMRA coverages.