

NORTH AMERICAN RAILCAR OPERATORS ASSOCIATION RAILROAD MOTORCAR INSURANCE PROGRAM

1047 Terrace View Drive
Alberton, MT 59820-9413
(406) 722-3012

DESCRIPTION OF INSURANCE COVERAGE

5/1/05-4/30/06

This program was designed exclusively for the membership of **NARCOA** by Valley Oaks Insurance with coverage furnished by Admiral Insurance Company and James River Insurance Company. The underwriters have committed to a one year contract beginning May 1, 2005 and running through April 30, 2006. Participating members will be fully protected for the coverage described below.

Renewal of the program is predicated upon the business-like and prudent conduct of the participants. The nature of the hobby- which involves the ever more complicated use of *privately* owned (as opposed to *publicly* owned) facilities- necessitates special precautions. Acknowledging this, Valley Oaks, Admiral and James River are pleased to offer this exclusive program to you, and to protecting this great hobby. Any questions should be directed to **NARCOA** at (406) 722-3012, or to the **NARCOA** regional representatives listed below. Please note the states/provinces that they represent:

Hank Brown, 622 Oak Street, Cottage Grove, WI 53527 Phone: (608) 839-4939

Illinois, Indiana, Iowa, Kentucky, Manitoba, Michigan, Minnesota, Ohio, Ontario, and Wisconsin.

Jim McKeel, 9742 Yosemite Court, Wichita, KS 67215 Phone: (316) 721-4378

Arkansas, Kansas, Louisiana, Missouri, Nebraska, Oklahoma, and Texas.

Tom Norman, 1047 Terrace View Drive, Alberton, MT 59820 Phone: (406) 722-3012

Alaska, Alberta, British Columbia, Idaho, Montana, North Dakota, Oregon, Saskatchewan, South Dakota, Washington, and Wyoming.

Doug Stivers, 1544 Fuchsia Drive, San Jose, CA 95125 Phone: (408) 269-5547

Arizona, California, Colorado, Hawaii, Nevada, New Mexico, and Utah.

Jack Whitt, 8023 Whitt Lane, Yalaha, FL 34797 Phone: (352) 324-3868

Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee.

Dick Wilhelm, PO Box 209, Bearsville, NY 12409 Phone: (845) 679-2870

Connecticut, Delaware, Maine, Maryland, Massachusetts, Newfoundland, New Brunswick, New Hampshire, New Jersey, New York, Nova Scotia, Pennsylvania, Prince Edward Island, Rhode Island, Vermont, Virginia, and West Virginia.

EFFECTIVE DATES

May 1, 2005 through April 30, 2006.

BASIC POLICY COVERAGE

A. Underlying Commercial General Liability Insurance from Admiral: \$1,000,000 Commercial General Liability (each occurrence limit), including products-completed operations coverage and personal injury and advertising injury liability, for insurance program participants at all association activities and insured NARCOA railroad motorcar excursions. There is a \$2,000,000 general aggregate limit. A \$2,500 deductible per claim applies.*

PLEASE NOTE: The \$2,500 deductible is the responsibility of the at fault operator.

B. Lead Excess General Liability from James River: \$5,000,000 each occurrence, \$5,000,000 Annual Aggregate.*

C. Excess Liability from Admiral: \$4,000,000 each occurrence, \$4,000,000 aggregate.*

* This is a claims-made form. It provides coverage for an injury or loss if the claim is first reported or filed during the policy period. Coverage includes hy-rail equipment while actually supported and operating on the rail.

COVERAGE TERRITORY

The United States of America (including its territories and possessions), Puerto Rico and Canada.

WHO IS ELIGIBLE FOR THE PROGRAM?

Any current **NARCOA** member 18 years of age or older who maintains his/her membership in good standing through the policy year, provides evidence of a valid motor vehicle drivers license, and has a **NARCOA** Certificate of Examination Card.

WHO IS AN INSURED?

A. Any **NARCOA** member that participates in the **NARCOA** insurance program is added to the policy as an additional insured, including the member's spouse and family members, but only with respect to:

- a. their liability for **NARCOA** activities or activities they perform on **NARCOA**'s behalf; or
- b. their liability arising out of and at the premises of an event **NARCOA** sponsors.

POLICY PREMIUMS

A. The annual premium per program participant for this policy year is \$120, **paid to Valley Oaks Insurance**. The program administrator will issue an Evidence-of-Insurance card annually to each participant.

B. Insurance applications will only be accepted from April 15, 2005 through May 31, 2005. This limited enrollment period is due to the requirement that the premium be paid in full by June 15th. No applications will be accepted after May 31, 2005. After the May 31st deadline, **NARCOA** will attempt to get permission to accept applications from new members on a limited basis.

Contact the **NARCOA** Insurance Administrator for details.

AGENT

Valley Oaks Insurance of Roseville, California is the agent providing this program.

INSURANCE COMPANY

Insurance coverage is provided by Admiral Insurance Company and James River Insurance Company (a unit of James River Group). Admiral has a Best's rating of A+ (Superior). James River has a Best's rating of A- (Excellent). Information for the reporting of claims is available from **NARCOA**.

RESTRICTIONS

A. Insurance coverage only applies to excursions arranged and sponsored by **NARCOA** and **NARCOA** Affiliates.

B. The policies have a punitive damage exclusion.

C. Non-program participants will not be allowed to operate their motorcars in any **NARCOA**-approved insured event.

D. Insurance coverage does not apply to employment, sub-contract, or work for hire on the railroad.

E. Insurance coverage applies only to legal operation.

F. **NARCOA** defines who may operate a motorcar at an insured **NARCOA** excursion. Providing the *insured member is present and is not operating another motorcar at that event*, the following may operate:

1. The spouse of the insured member if the spouse possesses a valid motor vehicle drivers license, and a **NARCOA** Certificate of Examination Card; or,
2. A dependent child of the household, 14 through 21 years of age, possessing a valid motor vehicle drivers license, and **NARCOA** Certificate of Examination Card. The child must be under the direct supervision of the insured member at all times. The insured member needs prior approval of the excursion coordinator and host railroad.

G. The insured member must be familiar with and adhere to the **NARCOA** rules as published in the most current **NARCOA** Rule Book (*or* equal or more restrictive rules as may be published by **NARCOA** Affiliates). The insured member must obtain a **NARCOA** Certificate of Examination Card.

INSURANCE CONTRACT

This is an ASSOCIATION POLICY. Individual insurance policies will not be issued to association members, however copies of the actual contract will be available from the **NARCOA** Insurance Program Administrator for a processing and handling fee of \$18.00.

The information in this brochure supersedes any previous description of the nature of this insurance program.

Rev. 15Apr05

**NORTH AMERICAN RAILCAR OPERATORS ASSOCIATION
RAILROAD MOTORCAR INSURANCE PROGRAM
2005 Application (Renewal or New Member)**

Carefully complete this application to participate in the **NARCOA Railroad Motorcar Insurance Program**, paying attention to each step below:

1. This year's premium is \$120.00 for insurance coverage during the policy period. The policy period is May 1, 2005 through April 30, 2006 and cannot be prorated. Checks for insurance coverage must be made payable to **Valley Oaks Insurance**.

2. **Insurance applications will only be accepted from April 15, 2005 through May 31, 2005. This limited enrollment period is due to the requirement that the premium be paid in full by June 15th. No applications will be accepted after May 31, 2005.** After the May 31st deadline, **NARCOA** will attempt to get permission to accept applications from new members on a limited basis. Contact the **NARCOA** Insurance Administrator for details.

3. The insurance program covers the association and its participating members. This requires each applicant to be an association member through the entire twelve month policy period (May 1, 2005 through April 30, 2006). Thus each applicant must include a check payable to **NARCOA**, in the amount of \$24 for a new **NARCOA** membership, *or* to renew a current membership beyond April 30, 2006. The only exceptions to this requirement are for **NARCOA** members that have membership expiration dates of MA06 (March/April 2006) or later. Look on the mailing label of *The Setoff* for the expiration code. The first two letters represent the issue expiration, and the next two digits represent the year. For example JF06 is January/February 2006, MA06 is March/April 2006, MJ06 is May/June 2006, etc. Members with expiration dates of MA06 or later do not need to enclose the \$24 check to **NARCOA**.

4. Be sure to complete the enclosed **NARCOA Agreement**. Read it carefully, date and sign on the reverse, and return with your application. No insurance will be issued unless the **NARCOA Agreement** is completed and returned with your application!

(OVER)

-----DETACH-----

APPLICATION FOR NARCOA RAILROAD MOTORCAR INSURANCE PROGRAM

PLEASE PRINT

Name: _____

Address: _____

City: _____ State/Province: _____ Zip/Postal Code: _____

Phone: Home (____) _____ Work (____) _____ Email: _____

Date of Birth: _____ (Must be 18 years of age, or older).

A valid current motor vehicle drivers license is required. Please provide the following:

License Number: _____ State/Province: _____ Expiration Date: _____

NARCOA Certificate of Examination Card Number: _____ See step #5 (over)

If a claim is made against this policy and I am found at fault,
I agree to pay the policy deductible of \$2,500. Signature: _____

Do you wish your name, address, email, and phone information
published in the **NARCOA Roster**? YES ___ NO ___

Return this form, **NARCOA Agreement**, and your payments to: **Tom Norman, NARCOA Insurance Program Administrator**
1047 Terrace View Drive
Alberton, MT 59820-9413

5. Current **NARCOA Certificate of Examination Cards** expire January 31, 2005. However the **NARCOA** Board has voted to extend the expiration date to January 31, 2006. You can tell if you have a current card, as they are numbered 2000 and higher. If you are a new member or have an expired card, you will need a new **NARCOA Certificate of Examination Card**. To obtain a card you must pass a **NARCOA Rule Book** test before you can operate at a **NARCOA Approved Insured Event**. To request a test send a stamped, self addressed business size envelope to: **Al McCracken, 2916 Taper Avenue, Santa Clara, CA 95051**. New members will receive the **NARCOA Rule Book** upon processing of their membership application, and then may request the test.

6. Hy-rail vehicles can operate at **NARCOA** insured motorcar excursions if the owner can provide evidence of primary automobile liability insurance for the hy-rail vehicle. If you intend on operating a hy-rail vehicle at a **NARCOA** insured motorcar excursion, please mark the appropriate box in the check list at the bottom of this page. The necessary paperwork will be sent to you.

7. When applying for insurance, send your **NARCOA** dues with your application. Do not send it to Joel Williams, the **NARCOA** Secretary, as that will delay the processing of your insurance application. Send your dues with the insurance application.

8. Please complete the check list at the bottom of this page.

NARCOA has regional representatives for members to contact about insuring excursions and for other insurance information. Please note the states and provinces that they represent:

Hank Brown, 622 Oak Street, Cottage Grove, WI 53527 Phone: (608) 839-4939

Illinois, Indiana, Iowa, Kentucky, Manitoba, Michigan, Minnesota, Ohio, Ontario, and Wisconsin.

Jim McKeel, 9742 Yosemite Court, Wichita, KS 67215 Phone: (316) 721-4378

Arkansas, Kansas, Louisiana, Missouri, Nebraska, Oklahoma, and Texas.

Tom Norman, 1047 Terrace View Drive, Alberton, MT 59820 Phone: (406) 722-3012

Alaska, Alberta, British Columbia, Idaho, Montana, North Dakota, Oregon, Saskatchewan, South Dakota, Washington, and Wyoming.

Doug Stivers, 1544 Fuchsia Drive, San Jose, CA 95125 Phone: (408) 269-5547

Arizona, California, Colorado, Hawaii, Nevada, New Mexico, and Utah.

Jack Whitt, 8023 Whitt Lane, Yalaha, FL 34797 Phone: (352) 324-3868

Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee.

Dick Wilhelm, PO Box 209, Bearsville, NY 12409 Phone: (845) 679-2870

Connecticut, Delaware, Maine, Maryland, Massachusetts, Newfoundland, New Brunswick, New Hampshire, New Jersey, New York, Nova Scotia, Pennsylvania, Prince Edward Island, Rhode Island, Vermont, Virginia, and West Virginia.

-----DETACH-----

Check List:

- Did you include payment for insurance coverage May 1, 2005 through April 30, 2006 (full year only) for \$120.00? Make check payable to: **Valley Oaks Insurance**.
- Did you include payment for a new **NARCOA** membership, or one year membership extension (required) for \$24.00? You must be a **NARCOA** member during the entire twelve month policy period. Make check payable to: **NARCOA**.
- Did you sign and return the **NARCOA Agreement**?
- Do you have a current **NARCOA Certificate of Examination Card**? See step #5.
- I intend on operating a hy-rail vehicle (car or truck specially equipped for on rail operation) at a **NARCOA** insured motorcar excursion. Please provide me with the necessary paperwork to allow hy-rail operation.

NARCOA AGREEMENT

The undersigned, in consideration of North American Railcar Operators Association (NARCOA) (including its officers, directors, affiliates, committee members, volunteers, agents, servants, employees and lessors), and the railroads with which NARCOA contracts or arranges for the use of track for excursions (RRs) (including their officers, agents, servants, employees and lessors), hereinafter collectively and individually referred to as "NARCOA/RRs", allowing or assisting the undersigned to utilize the tracks and facilities of railroads and participate in the motorcar excursions and related activities of NARCOA/RRs, agrees that:

1. ASSUMPTION OF RISK: I know and understand the scope, nature, and extent of the risks associated with motorcar excursions, including (1) those attendant to the operation of motorcars generally and specifically the operation of motorcars on track which may not be maintained to any particular level or standard; (2) related motorcar activities such as set-on and set-off procedures, and (3) in general, the risks and dangers of the working railroad environment in which the motorcar will be operated. I willingly and knowingly accept those risks, which I understand could result in destruction of my property and my injury or death.

2. INFORMING GUESTS AND PASSENGERS: I am responsible for informing and educating any volunteers, invitees, or guests whom I bring or invite onto railroad property, and all passengers in the motorcars I operate, about the nature and extent of the risks associated with motorcar excursions and determining that they understand them and willingly accept them. I shall inform and educate them, and confirm their acceptance of those risks by obtaining their signature(s) on the NARCOA General Release (or equivalent) at a time and place which allows them to decline and leave before being exposed to such risks.

3. RULES COMPLIANCE: I have read and understand the NARCOA Rule Book, understand the content and purpose for each of the rules, and agree to abide by them. I further agree to take responsibility for informing those persons I bring to the excursion of all the rules applicable to their conduct.

4. ADHERENCE TO TRACK AUTHORITY: As a condition of maintaining NARCOA operating privileges, I will strictly adhere to the requirement that operation on any railroad whether or not as part of a NARCOA excursion is permissible only with proper track authority, and that acquiring and verifying such proper track authority is my responsibility. I understand that to use a railroad without proper track authority, regardless of the circumstances surrounding such use, and regardless of civil and criminal actions taken or not taken against me for such use, may result in the loss of my NARCOA operating privileges for a period of at least one year.

5. MECHANICALLY SAFE MOTORCAR: I will operate only a mechanically safe motorcar, and any motorcar brought by me to an excursion covered by this Agreement for operation in that excursion will be a mechanically safe motorcar. I also agree that the responsibility for the motorcar's safe mechanical condition rests solely with me regardless of any inspections or absence thereof by NARCOA/RRs.

6. RELEASE FROM LIABILITY: I release NARCOA/RRs from any liability for any claim, loss, damage, injury, or death, regardless of the cause, including the active or passive negligence of NARCOA/RRs, sustained by me or my property while participating in the excursions covered by this Agreement. I agree and understand that NARCOA/RRs accept no responsibility for my safety, nor for the acts or safety of other operators and guests during motorcar excursions. By entering into this Agreement I understand that I am surrendering legal rights which I may otherwise have against NARCOA/RRs.

7. COVENANT NOT TO SUE NARCOA/RRs FOR DAMAGES: I will not make any claim or bring any legal action or voluntarily assist in any legal action against NARCOA/RRs, nor permit anyone else to do so on my behalf, for any claim, loss, damage, or injury sustained by me or my property during excursions covered by this Agreement.

8. COVENANT NOT TO SUE EXCURSION COORDINATORS AND/OR THEIR ASSISTANTS FOR DAMAGES: I shall not make any claim or bring any legal action or voluntarily assist in any legal action against any other excursion participant for their actions or conduct (a) arising from their activities in managing or assisting with the managing of any excursion covered by this Agreement, or (b) as an official of NARCOA/RRs.

9. INDEMNIFICATION AGAINST CLAIMS: I will indemnify and hold harmless NARCOA/RRs, and persons covered by paragraph 8, from any liability including claims and any attorney's fees, costs, losses, or actions which may be presented or initiated by me or on my behalf in contravention of the covenants I have given in paragraphs 7 and 8.

10. CONDITIONAL INDEMNIFICATION AGAINST OTHER CLAIMS: I will indemnify and hold harmless NARCOA/RRs from any liability including claims and any attorney's fees and costs, losses, or actions which may be presented or initiated by (a) persons whom I bring or invite to NARCOA excursions and (b) passengers in a motorcar operated by me during any excursion covered by this Agreement, if such persons have not signed a NARCOA General Release (or equivalent) prior to the accident or incident giving rise to their claim.

11. SURVIVAL OF OBLIGATIONS: Any and all obligations assumed and promises made by me under this Agreement shall be binding on my heirs, and the executors and administrators of my estate. I further instruct my heirs, administrators, and executors to honor this Agreement and make no claim against NARCOA/RRs for any claim, loss, damage, or injury which this Agreement purports to cover and release.

12. VALIDITY OF WAIVER: If I institute any suit or action or make any claim for any loss or damages to my person or property for causes covered by this Agreement, the releases, waivers and promises I have given in this Agreement shall be enforceable against me.

13. REPRESENTATION AND WARRANTIES: I represent and warrant that I am taking no medication and/or have no physical condition which would impair my safe operation of a motorcar, and I agree not to operate a motorcar in any excursions covered by this Agreement if either my physical condition or any medication I am taking would impair such safe operation.

14. ARBITRATION: Any disputes arising from the excursions covered by this Agreement will be decided under the laws of the State of Delaware and shall be submitted to arbitration in accordance with the rules and procedures of the American Arbitration Association, or such alternate arbitration forum as the parties to the dispute may mutually agree.

15. DEFINITIONS: The term "excursions covered by this Agreement" in the Agreement above refers only to those excursions where the undersigned is an operator of a motorcar, supplies a motorcar for operation by another individual, or has people attending who are specifically guests of the undersigned. For the purpose of this Agreement the term "motorcar" applies to any rail borne vehicle that may be operated at any NARCOA excursion.

16. SEVERABILITY OF INVALID PROVISIONS: If any provision, or application thereof, in this Agreement is held invalid, that shall not affect any other provisions or applications of the Agreement which can be given effect without those held invalid.

17. ENTIRE AGREEMENT: This Agreement sets forth the entire Agreement between the parties and can be altered or amended only by subsequent written instrument duly executed by each of the parties hereto.

READ THE ABOVE CAREFULLY BEFORE SIGNING.

IN WITNESS THEREOF, the undersigned has executed this Agreement this

_____ day of _____, 20_____

Operator's Signature

Operator's Name
(Printed or Typed)