

**APPENDIX G – The Nova Scotia Trails Association  
Insurance Program**



## Nova Scotia Trails Federation

**PRESS RELEASE** – for immediate release (April 27, 2005)

### **New Deal for Insuring Recreational Trails in Nova Scotia**

“Volunteer trail groups across the province are breathing a huge sigh of relief today,” says Nova Scotia Trails Federation President Terry Norman, a volunteer himself. “An agreement has been worked out with the assistance of the Government of Nova Scotia that will ensure that our recreational trail group members will have continued access to affordable and sustainable liability insurance for the trails they are building and managing for the enjoyment of all Nova Scotians and our tourists.”

The 139 community-based non-profit groups that develop and maintain the province’s network of trails have seen their insurance rates soar over the past few years. This year, volunteer groups faced the largest increase of all, a rate-jump that would have forced many to close their trails at the end of this month.

An appeal to the provincial government resulted in a new insurance program. Provincial officials worked with insurance providers on behalf of NS Trails to secure a program that was accessible, affordable and sustainable. The result is an insurance program through a private insurer that will provide affordable liability insurance coverage for our 5500 km of trails in Nova Scotia. Terry Norman said that “our trail groups are guaranteed that they will not pay higher premiums than they paid last year for the same insurance coverage.”

“This new insurance program will be available to all community trail groups through NS Trails,” Norman says. “It is our hope that other provincial trail user organizations who are members of NS Trails such as the Snowmobilers Association of Nova Scotia will also join in the program.”

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## Nova Scotia Trails Federation

Trail groups will continue to pay the annual premiums required to cover the costs of operating the program through NS Trails who will work with an independent insurance broker. Future premiums will be based on a claims history established for trails in this province rather than elsewhere in the country.

“Our trails are being developed to a high standard by responsible community groups,” says Norman, “and as a result there have been very few incidents on our trail system. We believe that our cost of insurance should reflect our good record. We expect over the next five years to develop a claims history that will demonstrate there will be no need for a continued government guarantee.”

The new program will go into effect May 1st for NS Trails members and it will be open to other non-profit groups that have responsibility for trail development in the province. All interested parties should contact the NS Trails office at (902) 425-5450 Ext. 325 for more information.

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**NEW GENERAL LIABILITY INSURANCE PROGRAM**  
**(Effective May 1, 2005)**

**COVERAGE:** Provides \$5 million general liability insurance protection for groups included in the program with respect to any claim for loss arising from the use of a recreational trail whether motorized or not. Any landowner and the Trans Canada Trail Foundation (where applicable) will be included as an "additional named insured". *Coverage is the same as 2004/05.*

**AVAILABILITY:** Available to all community trail groups who are members of NS Trails and who manage trails under agreements with public and/or private landowners. This plan will also be available to the Snowmobilers Association of Nova Scotia (SANS) and its member clubs. In addition, ATV clubs who are members of ATVANS and who manage trails under written agreements with landowners may apply to become members of NS Trails and be eligible for coverage under this program.

**PREMIUM:** \$1,000 minimum premium per community trail group assessed in the same manner as last year. *No change for NS Trails members from 2004/05.*

**UNDERWRITER:** Lombard Canada Inc.

**BROKER:** Marsh Canada Ltd.

**POLICY:** NS Trails (and SANS if they choose to be involved) will be the "named insured." Groups will receive an insurance certificate issued under the NS Trails Policy.

**ADMINISTRATION:** The policy will be effective as of May 1, 2005 and all NS Trails members will be immediately covered. This will be done under a binder that will give us a few weeks to get applications completed, premiums assessed, and payments made. Payment will be to NS Trails. To speed the process groups will be asked to submit a cheque in the amount of their last insurance premium with their application.

Because all groups will be insured immediately under the NS Trails policy those groups that require insurance but do not apply and pay the appropriate premium will have their membership in NS Trails suspended.

If a community trail group that did not have liability insurance last year wishes to apply for this year, they must complete an application and forward it with a cheque for \$1,000 payable to NS Trails. Adjustments may be required following assessment of the premium.

Groups not requiring insurance for a trail may enjoy insurance protection as part of NS Trails for trail-related activities they undertake – mall display, a guided walk, etc. Groups must confirm this with the NS Trails office.

**COST OF INSURANCE:** At present, the cost of the insurance above \$1 million and the costs of managing small claims is anticipated to total about \$126,000 annually for all trails in the province. NS Trails members will be contributing about \$39,000 of this amount if all currently insured groups renew.

**CLAIMS:** All claims and incidents that could result in a claim must be immediately reported to NS Trails and/or any other contact identified in the insurance program. Representatives of community trail groups must not engage in any discussions with potential claimants as a claim under a contract of insurance is an issue between the claimant and our insurance provider. Our members are expected to fully document all incidents on forms to be provided. Wherever possible Accident locations should be secured and left undisturbed until a site investigation has taken place. If authorities such as police are involved then our responsibility is to cooperate fully with their investigation.

**GOVERNMENT'S ROLE:** The Department of Transportation and Public Works is responsible for risk management on behalf of the province. In consultation with other departments, and with the approval of Cabinet, the Risk Manager has negotiated an insurance arrangement for groups managing trails that form part of the province's recreational trail infrastructure.

The Risk Manager will oversee the management of small claims and will provide any additional funding necessary to manage these claims and pay settlements. Essentially, Government is partnering with us to self-insure the first \$1 million of risk exposure. The way this is expressed is that government is guaranteeing the first \$1 million of any claim involving a trail covered under this program. There is no such guarantee for trails that are not included in the

program. Lombard will only be exposed should a claim exceed \$1 million or if all claims in any given year exceed \$1 million.

**IN THE FUTURE:**

Government's commitment is for five years. They will provide the guarantee for the first million for that period. We will develop a Nova Scotia claims history over this period and the hope is that we will be able to go to the market in a much stronger position. Premium changes during the five year period will be based on the cost of obtaining insurance above the \$1 million guarantee and our claims experience.

**BENEFITS:**

- (1) Stabilize insurance costs for this year while maintaining \$5 million coverage,
- (2) Avoid extraordinary premium increases to multi-use motorized trails that would certainly have put some of these trails out of business,
- (3) Ensures that we will continue to have liability insurance available for our community trail groups,
- (4) Names NS Trails as the insured so that comprehensive general insurance is available to our member groups,
- (5) Establishes a long-term approach that will generate a Nova Scotia claims history for future insurance options,
- (6) Eliminates double insurance on some trails where both our members and SANS clubs are currently insuring common portions of some trails,
- (7) Potential to bring all trail groups together around the insurance issue,
- (8) Supports the implementation of the OHV Task Force vision of a province-wide system of managed trails