



New York State Off-Highway Recreational Vehicle Assn., Inc.

NYSORVA
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June 17th, 2001

TO: All ATV/OHM Clubs in New York State

RE: OHV Club and Event Insurance

Dear Club Leaders and Members;

With national underwriter Terra Nova getting out of the OHV insurance business, many of you have lost, or will lose on your policy renewal anniversary, your club's general liability coverage. In this document, I will attempt to bring you up to date on the current insurance situation and options that are available in New York State. New developments have recently been made and the possibility of other insurance providers entering the OHV market are evident, but in this notice I will only be discussing options that are available at this time. In the event that other options become available, you will receive notification as quickly as we receive information.

Please understand that NYSORVA representatives have been working very hard to obtain information of the best possible deals for your organizations. Please bear with us while we try to work out the kinks with the new underwriters. Luckily, we continue to receive assistance from the top players in the OHV insurance market. They have spent considerable amounts of their own money to bring these options to the table and are in continuing efforts to refine the policies to our mutual benefit. We all must remember that insurance companies are in the market to make money, and current rates reflect that. The old days of the \$600 club policy are long gone. We must now move forward and adapt to the current situation.

Please read through the following pages, and carefully weigh out your options and act accordingly. I will include names, phone numbers and email addresses for the insurance brokers that we are dealing with. If you have specific questions regarding these programs, please deal with these agents directly.

Thank you for your patience and understanding,

Albert J. MacKenzie
NYSORVA President
Chainsaw@nysorva.org

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New York's Statewide Organization Representing OHV Enthusiasts' Interests. Founded 1993.

For more information, please see our web site: www.nysorva.org

Note: This article is an excerpt from AMA's Organizer's News, Vol. 4 No. 2/June 2001. It pertains primarily to competition event insurance. General liability and recreational insurance products are discussed elsewhere in this document. AMA's insurance program may be mirrored in its new ATV Association programs.

American Motorcyclist Association - AMA

As you well know, the liability market is going through a tight period that is being felt throughout the powersports industry.

For clubs and promoters using the AMA-administered coverage from Naughton Insurance, that coverage continues to be provided by St. Paul Insurance. But clubs and promoters who have insured their events through George Knight Insurance in recent years are being insured by a different carrier (BCS Insurance) in 2001 because Knight's previous carrier withdrew from the motorcycle event market in December. Meanwhile, K&K Insurance is writing fewer and fewer policies for local motorcycle organizers.

In short, there aren't many places to shop for coverage, and prices are going up throughout the insurance industry. Rates for AMA sanctioned events have been stable for several years, which can be attributed to two primary factors: a favorable insurance market and our ongoing risk management efforts. We're not playing the prophet of doom and gloom here. We don't anticipate changes in the insurance picture that will threaten motorcycle promotions to the extent the insurance crisis of the mid 1980's did. But it does appear very likely that the past several years will be known as the good old days for the next several years.

Sound insurance coverage at affordable rates is essential to every event organizer, and the AMA commits a lot of time under the best of circumstances to maintaining availability of that type of coverage. The AMA has recently hosted meetings with Naughton Insurance; North American Racing Insurance and George Knight Insurance; and American Specialty Insurance: to help gather information and set a course of action for 2002.

The prognosis is guarded, and a couple of things are very clear. Rates are going to go up in 2002, and if we continue to administer even liability insurance for AMA-sanctioned events with multiple carriers, they are likely to go up substantially. Also, insurance for coverage of practices and other non-event date coverages are going to be harder to find and more expensive.

We are examining a variety of options with the following priorities in mind:

1. Maintain the quality of event liability insurance made available through AMA-administered programs
2. Seek ways to minimize price increases through structural changes, a renewed emphasis on risk management practices and utilizing the buying power of over 1,000 chartered clubs and promoters
3. Explore ways the AMA may be able to assist organizers in obtaining affordable insurance coverage in areas other than the AMA-administered event liability, e.g. practice days

Based on the input from our insurers and consultants, staff is discussing with the AMA Board of Directors a different approach in 2002. Specifically through a bid process we would place all AMA-administered event liability insurance with a single carrier. The carrier would not necessarily be the lowest bidder, but rather the bidder providing the best coverage at the best price. Because let's face it, the insurance guy down the street can write you a million dollars

worth of insurance, probably a lot cheaper than what you are accustomed to paying. But is it solid insurance backed by a policy that reflects the special issues and needs that affect powersports?

No final decisions have been made, but we are working on specifications for a bid process aimed at selecting a single carrier for 2002, and the AMA will do all it can to maintain a ready supply of good insurance at a good price.

More information will be provided later in the year, and a detailed report will be made at the 2001 AMA Congress and at fall sanction meetings. Meanwhile, your comments and suggestions are always welcome.

(END)

Contact AMA at 800-AMA-JOIN, or surf by www.amadirectlink.com.

National Motorsports Insurance & Consultants Proposed NYSORVA Master Policy

The NMI&C is a newly formed company that is the conglomeration of three smaller companies combining to obtain better rates and better coverage through combined efforts.

The off road insurance is being handled by Randy Harden, partner in NMI&C, and former owner of National Off Highway Vehicle Insurance and Services. Many of you have used Randy's company for off road insurance in the past. Randy has been working diligently to make this all become a reality. It has been a long and arduous process that still has some kinks and bugs to work out.

I spent an hour and a half on the phone with Randy this weekend and he gave me as many details as he could over the phone. I asked as many pertinent questions as I could think of and used many that have been presented to me in recent months regarding many off road issues. I will attempt to reconstruct our conversation and provide as many details as I have on club policies, event policies, and possible statewide club and event policy options.

To: **New York State Off Highway Recreational Vehicle Association and chartered clubs**
From: Randy Harden
CC: Landowners, sponsors, promoters
Date: 6/22/01
Re: **ATV EVENT COVERAGE and event Liability insurance –**

The New York State Off Highway Recreational Vehicle Association (NYSORVA) has requested information regarding securing an annual event/race liability insurance plan. Maximum limits are in the amount of 1 million dollars. This plan provides coverage for spectators, participants, and personal injury.

This NYSORVA "Master Policy" would contain a provision to add the chartered member clubs of the statewide organization as additional insured participants of the master policy. Included in a broad form endorsement as to who qualifies as an "additional insured", we name all club members, the sponsors, landowners providing the premises, sanctioning bodies, officials and volunteers assigned to help work the event. Special waivers/releases are required reading and signing for all folks entering the pit area. These forms will be provided and must be kept in your files.

Each event applied for must have a sketch and/or rules submitted that provides the means to safely protect the spectators and riders. The insurance company has the ability to underwrite each application and deny coverage if proper safety precautions are not met. Clubs applying for coverage need to provide the information for each type and location of requested coverage.

Listed below are the costs per day for each type of event/race. To each application, the placing agent, National Motorsports Insurance & Consulting, **adds their policy and processing fee separately from the insurance costs. Minimum cost is \$50.** Premiums and applications need to be submitted well in advance of your event dates!

(Continued next page.)

All coverage rated at \$1,000,000 coverage

Poker Run / fun day - \$148 per day

ATV Mud run / single file timed - \$292 per day

ATV mud run / side by side - \$389 (all stock classes) per day
\$511 (modified classes & snowmobile class) per day

ATV pull small sled - \$264 per day

ATV grass / dirt drags - \$292 per day

Enduros/MX/Flat Track - \$626 per day

Hare Scrambles - \$725 per day

All events are subject to company underwriting and acceptance. The National Motorsports underwriter will assist the club risk manager in establishing criteria to qualify for coverage. Remember to provide a sketch plan of the layout and list safety measures you will use that separate the riders from the spectators.

Event area must have fencing and gating separating the spectators from the event participants. Track must have a sturdy barrier. If side by side racing is involved, lane separation barriers must be in place. Rules of the track area must be posted, read and adhered to. EMT or Ambulance services must be supplied.

For more information or for coverage, please contact:

Randy Harden,
National Motorsports Insurance & Consultants
1-888-470-3966
rharden@bytehead.com

The New York State Off Highway Recreational Vehicle Association wishes you a safe and prosperous riding season. This benefit of insurance coverage is a service to our chartered clubs, intended to assist your positive ATV/OHM work. Should you have any further questions, please contact the NYSORVA home office.

Please understand that in order for a "Master" policy to work, we would need at least 10-20 clubs to participate and a minimum of \$100-\$250 deposit per club to initiate the policy.

National Motorsports Insurance and Consultants Club Liability Insurance Coverage

In 2001, the option of adding event coverage to existing club liability policies has been discontinued. With the new underwriters came the necessity to purchase additional policies for event coverage as was detailed on the previous pages.

Club insurance has remained predominantly the same with a few significant changes. The biggest change being the raise in premiums from the **old formula of \$1.90 per "member unit" to \$4.30 per "member unit"**. A "member unit" is described as a single member counting as one "member unit" and all members of a family membership counting as one "member unit".

The policy premium is determined by the number of member units and other liability factors of which the club participates in, such as land ownership or lease and equipment rental or operation for the construction or maintenance of trails.

Rates for coverage

\$1250 - Minimum rate for club liability coverage applies to clubs with less than 300 members

\$2500 - Minimum rate for club liability for multiple chapter clubs with up to 600 members

Note there is a \$100 fee for underwriting the policy

This coverage is being provided by National Motorsports Insurance through TIG Insurance Group. TIG has some specific requirements in order to bind coverage.

- All members must wear protective gear while riding. Protective gear implies helmets, goggles or protective glasses, long pants and shirts, gloves, and protective boots.
- Annual release waiver must be signed by all members
- Liability coverage is limited to age 16 (age 12 if passed ASI or state approved safety course)
- Member to member coverage is included in this policy

Payment is required to be made in full or by a 3-payment plan. The payment plan will be 40% down, 30% within 30 days and the final installment of 30% within the next 30 days.

If club owns or leases land, coverage is available for specific properties for an additional premium of **\$200 per property** (restrictions and requirements apply). Coverage of policy covers members use of property under the main policy. This added coverage would cover the land.

If club maintains and constructs trails using heavy equipment operated by members, there is additional coverage available for **\$100 per year**

Please contact Randy Harden for more information:
1-888-470-3966 or rharden@bytehead.com.

National Motorsports Insurance & Consultants ATV Park Liability Insurance

Park insurance is going to be a very tricky process and details are still being worked out. The company is trying to define "insurable trails" such as linear miles instead of acreage. Currently it would cost \$15 per acre to cover lands enclosed in such a park.

Specifics and Rates

- **\$2500** - Minimum rate for park insurance
- Rates determined by number of riders per year
- \$1.50 per rider per year
- Total amount of acres for trails, parking
- Camping not included in policy
- Park must have perimeter fencing and gating
- Tracks must have barriers protecting spectators
- Park rules must be posted conspicuously
- Park manager must be in place

Please contact:

Randy Harden
National Motorsports Insurance & Consultants
1-888-470-3966
rharden@bytehead.com

George Knight & Associates

P.O. Box 55295
Tulsa, OK 74155
918-258-4745
fax 258-5416

Club Liability Policy

Knight Insurance is offering club liability insurance through Essex Insurance Companies. Details on the policy are few but I spoke with underwriting agent Sandy Guinn today and she gave me some details.

- **\$825** For clubs up to 50 members
- **\$1372** For clubs up to 125 members
- **\$1925** For clubs up to 250 members
- An underwriting fee is in addition to above rates
- Policy excludes any and all road use and incident involving autos and bodily injury
- Club members only no exceptions
- If club owns property - trespassing insurance is available
- No passenger coverage
- No racing or practice coverage

There is a need for a New York Insurance Broker to write this insurance as Knight has no current policy writers in the state. If you know of a broker interested in writing an ATV policy in New York, please have them contact Knight Insurance.

I believe that Randy Harden can also write for Knight Insurance.

K & K Insurance

I have placed several requests for policy information to be sent as K&K Insurance rates were so much higher than most that I thought we needed our lawyer to review their policy to see if there were remarkable differences in policies.

What I have been told, club policies will be in the \$4000 range and event policies would be between \$600 and \$1000 per day per event.

When and if I get more detailed information, I will pass it along right away. But as it stands now, their coverage was overpriced and unattainable for most small to medium sized clubs.