

Questions for Discussion with Transport Canada on August 28 Related to Proposals for a Revised Third-Party Liability Regime.

1. It is understood that the Class 1 Railways currently carry third-party liability insurance of approximately \$1.5 billion. The proposals imply that the Class 1 carriers will be able to reduce this coverage to \$1.0 billion. Do you expect CN and CPR to reduce their coverage and is there any thought to requiring them to maintain their current levels?
2. Should the Class 1 limitation be reduced to \$1.0 billion, will the railways be asked to contribute to the supplementary fund?
3. If a short line has the level of traffic to require coverage of at least \$250 million, but is unable to obtain this level of coverage from the insurance companies, will this force the short line out of business?
4. In the event of a catastrophic accident on a short line where the claims exceed the railway's insurance limit and the \$250 million limits of the secondary fund, how will legitimate claims beyond that limit be met?
5. Is there currently any consideration to extending the requirement for contributions to the secondary fund from other dangerous goods beyond flammable (crude oil and ethanol), and TIH products?
6. In the event that the proposed regime is implemented, this would appear to reduce the risk to the railways and would possibly reduce the need for the "risk premium" built into the freight rates for the DG products targeted in this regime. Will this require policy input from Transport Canada to the Canadian Transportation Agency as it may relate to Final Offer Arbitration on rate disputes under this regime?
7. Will shipments of the designated products originating in the U.S. and destined to Canada be required to contribute to the fund?
8. Recent actions by railways (e.g. CPR tariff 8) indicate that the railways are attempting to put limits on their common carrier obligations, especially with regard to TDG shipments. Is Transport Canada looking at this issue?
9. Has any consideration been given to administering the secondary fund? Will this responsibility be given to the Canadian Transportation Agency and, if the railways are responsible for collecting the contributions, will there be an independent audit to ensure all contributions are passed on to the fund.