

Who Pays? Your Roadmap to Financial Recovery Following a Major Railway Accident Involving Crude Oil

Alberta Municipalities Public Risk Conference

May 1- 2, 2025

Evario Events Centre, Edmonton

Chantal Guénette, Director

Ship and Rail Compensation Canada –
Rail Fund



Are you familiar with the process of recovering costs after a rail accident involving crude oil?



**If “Yes”,
show your hand!**



**If “No”, you’re at the
right presentation!**

Presentation Outline



01 What is the Rail Fund?

02 Canada's Rail Liability and Compensation Regime

03 Readiness Plan

04 Outreach



Who we are

Ship and Rail Compensation Canada

Canada's compensation hub for anyone affected by oil spills from ships or boats and by major rail accidents involving crude oil.

Ship and Rail Compensation Canada is an independent federal office managing two funds: the Ship Fund and the **Rail Fund**.

Rail Fund

The Rail Fund compensates anyone affected by major rail accidents involving crude oil.

Ship Fund

The Ship Fund compensates anyone affected by oil spills from ships or boats.

Our place within Ship and Rail Compensation Canada



Ship and Rail Compensation Canada

Ship Fund

Rail Fund

Ship and Rail Compensation Canada

Canada's compensation hub for anyone affected by oil spills from ships or boats and by major rail accidents involving crude oil.

Ship and Rail Compensation Canada is an independent federal office managing two funds: the Ship Fund and the **Rail Fund**.

Rail Fund

The Rail Fund compensates anyone affected by major rail accidents involving crude oil.

Ship Fund

The Ship Fund compensates anyone affected by oil spills from ships or boats.

What is the Rail Fund?

We compensate anyone affected by major rail accidents involving crude oil.



Canadians can access compensation for damages that exceed the liability limit of the railway company involved in the accident.



2019 Guernsey (Lanigan) derailment
Source: Transportation Safety Board, Report R19W0320

Why was the Rail Fund created?



The Rail Fund was created in response to the **2013 Lac-Mégantic rail disaster**, which resulted in:

- death of 47 people
- destruction of the core downtown area
- release of about six million liters of crude oil
- evacuation of 2,000 people



Close to **4,300 claims** were submitted, representing **1.5 billion dollars in estimated damages**.



Espace mémoire

Source: Ville de Lac-Mégantic at <https://www.ville.lac-megantic.qc.ca/commemorations/>

Canada's Rail Liability and Compensation Regime



1

Polluter pays principle

- Railway company involved in accident is liable.
- Shippers of crude oil contribute to the Rail Fund through levies.

2

Access to justice

- First layer of compensation is provided by the railway company involved:
→ **Fault or negligence doesn't have to be proven**
- The Rail Fund provides compensation for all remaining eligible claims:
→ **Unlimited compensation is available**

Liability coverage requirements based on volume transported



| Crude oil volume shipped (tonnes/year) | Minimum insurance required / liability limit per occurrence |
|---|--|
| Less than 100,000 | \$ 100 Million |
| 100,000 – 1,500,000 | \$ 250 Million |
| 1,500,000 + | \$ 1 Billion |

When is the Rail Fund activated?

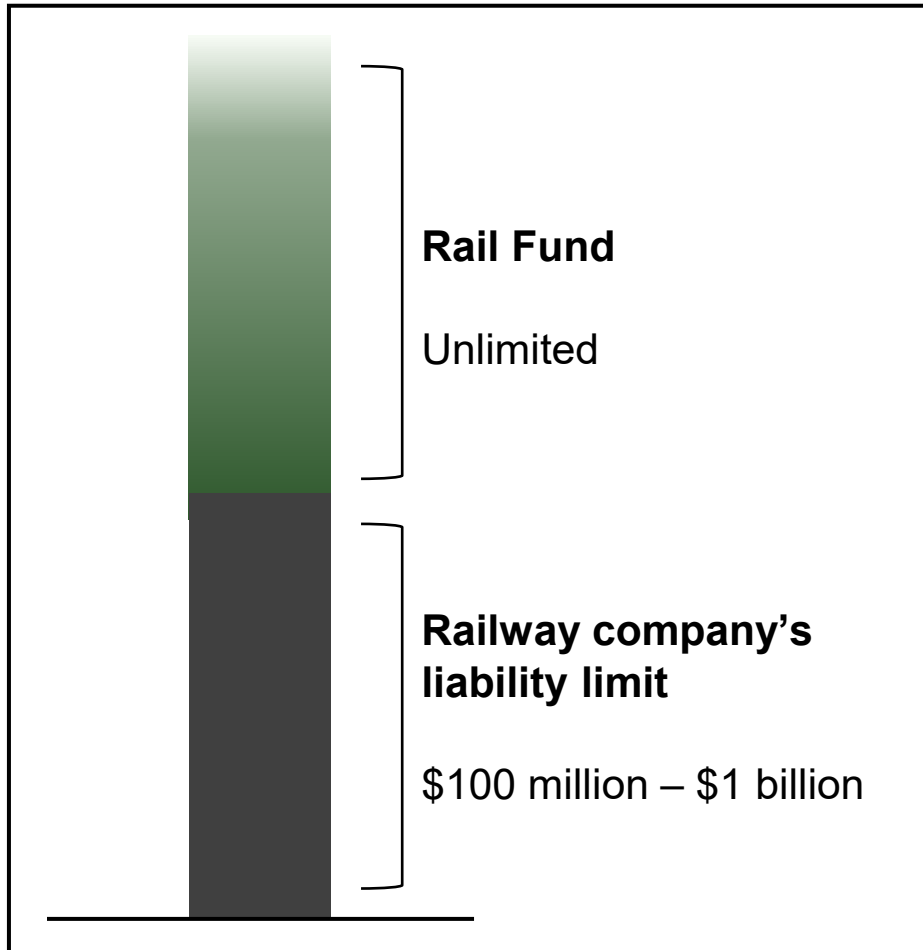
- 1 An accident must have occurred
- 2 The accident involves a federally regulated railway
- 3 Crude oil is involved
- 4 Railway has paid up to its limit of liability



Canada's Rail Network, 2020
Source: Transport Canada

! Status: We are not accepting claims at this time.

When does the Rail Fund start accepting and paying claims?



The railway company pays claims until it reaches its liability limit.

Then, Canadians can access compensation from the Rail Fund, once it is activated.

There is no limit to how much compensation the Rail Fund can provide. If its balance is exhausted, the Minister of Finance can:

- Provide additional money from Canada's Consolidated Revenue Fund
- Direct payment of an additional levy

The source of our funds

Companies that ship crude oil pay a levy, which is a fee placed on every tonne of crude oil shipped by rail.



The **railway company collects the levy** and pays it on behalf of the shipper to Transport Canada.



The collected funds are then **deposited into the accounts of the Rail Fund** and remain there until needed.



The Rail Fund also continues to grow with **interest**.

Examples of the per-tonne levy

2016-2017: \$1.69 / tonne

2022-2023: \$1.86 / tonne

2024-2025: \$2.07 / tonne

The levy is adjusted annually based on inflation and the Consumer Price Index.



Who can submit a claim?

Any person in Canada that has suffered damages.

Individuals

First responders and
clean-up organizations

Corporations and
businesses



All levels of government,
incl. municipalities

Indigenous peoples

Landowners

Non-profit corporations

What types of damages does the Rail Fund cover?



Personal injury or death



Emergency response costs



Clean-up costs



Environmental reinstatement



Property damage



Economic loss



Loss of subsistence living and cultural losses



Loss of hunting, fishing and gathering opportunities for Indigenous peoples



Loss of non-use value of a public resource

We cover **all damages** resulting from a major accident involving crude oil. However, we can only reimburse **reasonable** costs and expenses.

What does this mean for municipalities?



Personal injury or death



Emergency response costs



Clean-up costs



Environmental reinstatement



Property damage



Economic loss



Accident in Emo, Ontario (2020)
Source: Transportation Safety Board, Report R20W0031

How to submit a claim?

1

Document your damages, losses, and/or costs, as well as decisions you have made, as soon as possible (e.g., invoices, photos, other proofs of loss).

2

Submit your claim to the railway company involved.

3

If the limit of liability of the railway company is reached, all remaining claims are transitioned to the Rail Fund. The claimant does not need to refile.

4

Claims must be filed within the limitation period: 3 years from the date of loss and 6 years from the date of accident.



Documentation for your claim



Documentation we will look for

Document your damages, losses, expenses and/or costs, as well as decisions you have made, as soon as possible. For example:

- Contracts, statements of work, price quotes, invoices, and receipts
- deeds and land surveys
- appraisals, assessments, and survey reports
- photographs and maps




Elements of our assessment

Before you submit your claim, ensure it **addresses the following key points**:

- Describe the actions you took in response and why.
- Detail the extent of the damage and/or losses you incurred.
- Specify the amount you spent and why this amount was reasonable.
- Provide evidence to support your claim.

Our checklist for municipal, local and Indigenous governments




**Compensation After a Major Rail Accident Involving Crude Oil:
Local Government Checklist**

! This checklist is for municipal, local and Indigenous governments. It can help integrate cost recovery into your railway accident response planning. Incorporating the suggested steps below directly into your response can simplify the claims process afterward.

Ship and Rail Compensation Canada manages two funds: the Ship Fund and the Rail Fund.
The [Rail Fund](#) compensates anyone affected by major railway accidents involving crude oil. Canadians can access compensation from the Rail Fund for damages that exceed the liability limit of the railway company involved in the accident.

1. What conditions must be met to submit a claim?

| | | |
|---|------------------------------|-----------------------------|
| A. The accident is on a federally regulated railway | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| B. Crude oil is involved | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| C. Claims are submitted within the deadline: in most cases within three years of the accident | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

If you answered "yes" to all these questions, compensation may be available. See the steps below and consult our website for information about the specific accident.

2. What types of damages and losses are covered?

Municipal, local, and Indigenous governments can be compensated for all the following damages and losses.

One claimant can suffer multiple types of damages and losses—check all that apply:

| | |
|--|--|
| <input type="checkbox"/> Personal injury or death | <input type="checkbox"/> Economic loss |
| <input type="checkbox"/> Emergency response costs | <input type="checkbox"/> Loss of subsistence living and cultural losses |
| <input type="checkbox"/> Clean-up costs | <input type="checkbox"/> Loss of hunting, fishing, and gathering opportunities for Indigenous People |
| <input type="checkbox"/> Environmental reinstatement | |
| <input type="checkbox"/> Property damage | |

Contact and resources for more information:
Website: www.ship-rail.gc.ca/rail | Email: info@sr-nr.gc.ca | Phone: 1-866-991-1727

Page 1 of 2

Be ready to recover costs and protect your community when it matters most!

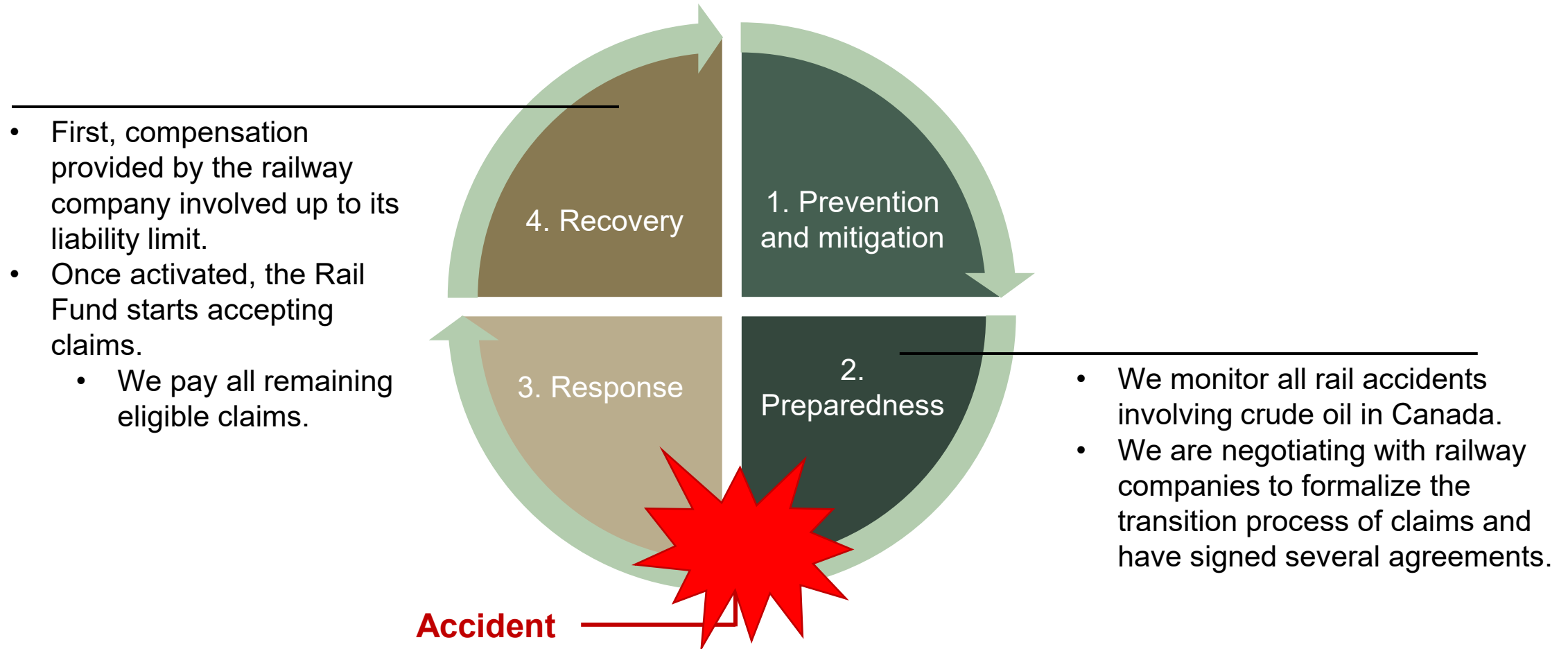
Our short and easy-to-use checklist includes:

- ✓ Criteria and Conditions for Compensation
- ✓ What You Can Claim
- ✓ How to Submit a Claim

**Access and download
the checklist by
scanning the QR
code!**



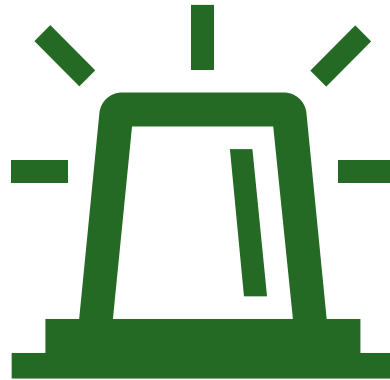
Our position in the Emergency Management Continuum



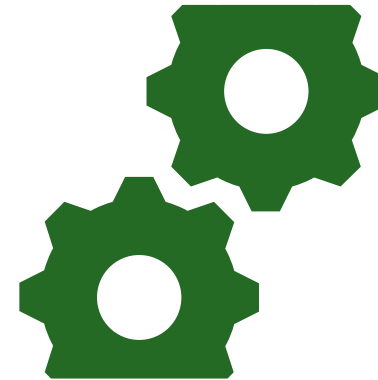
Preparedness Activities



**Claims management
and assessment
support**



**Activation
management
protocols**



Transition of claims



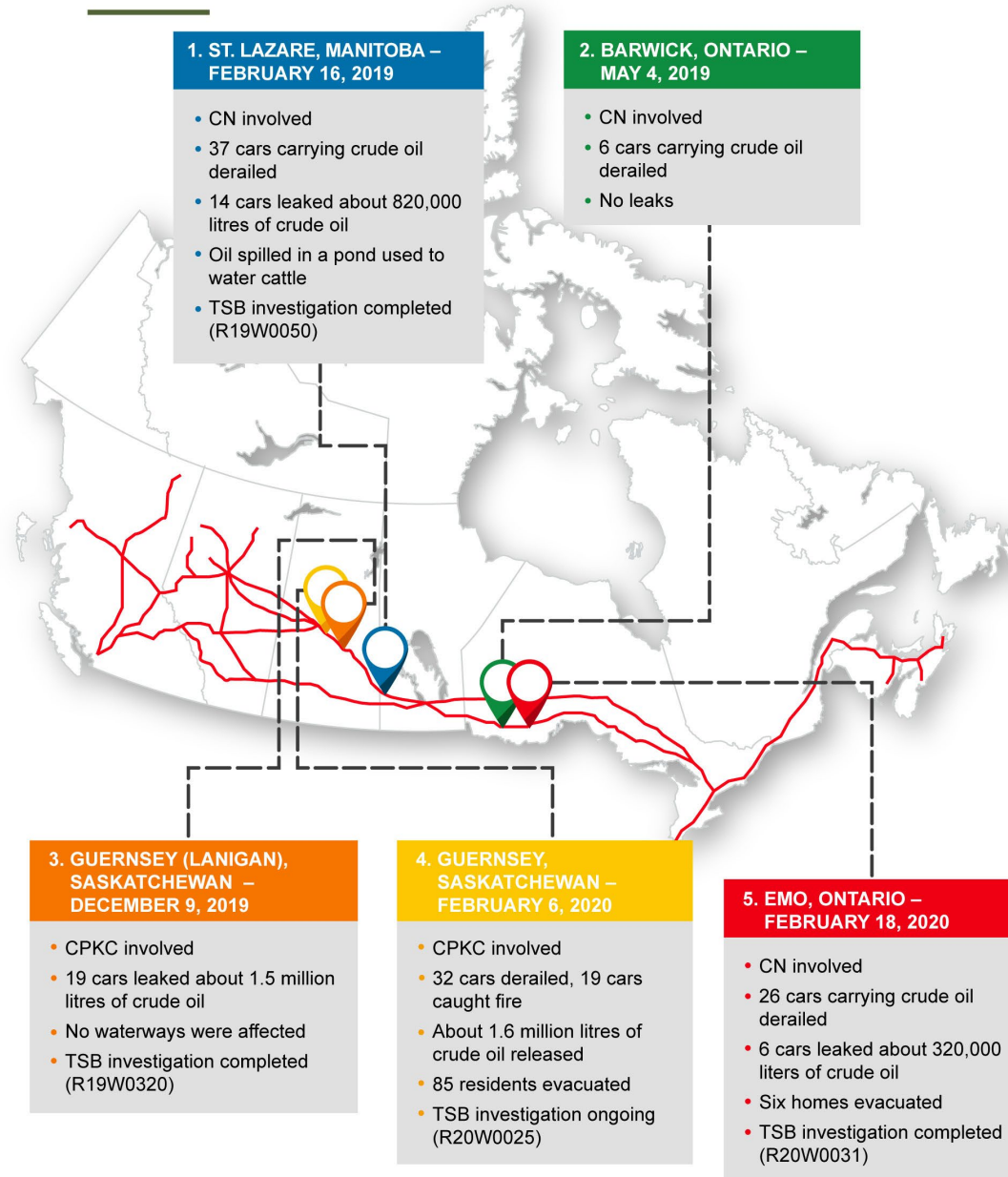
Legal preparedness

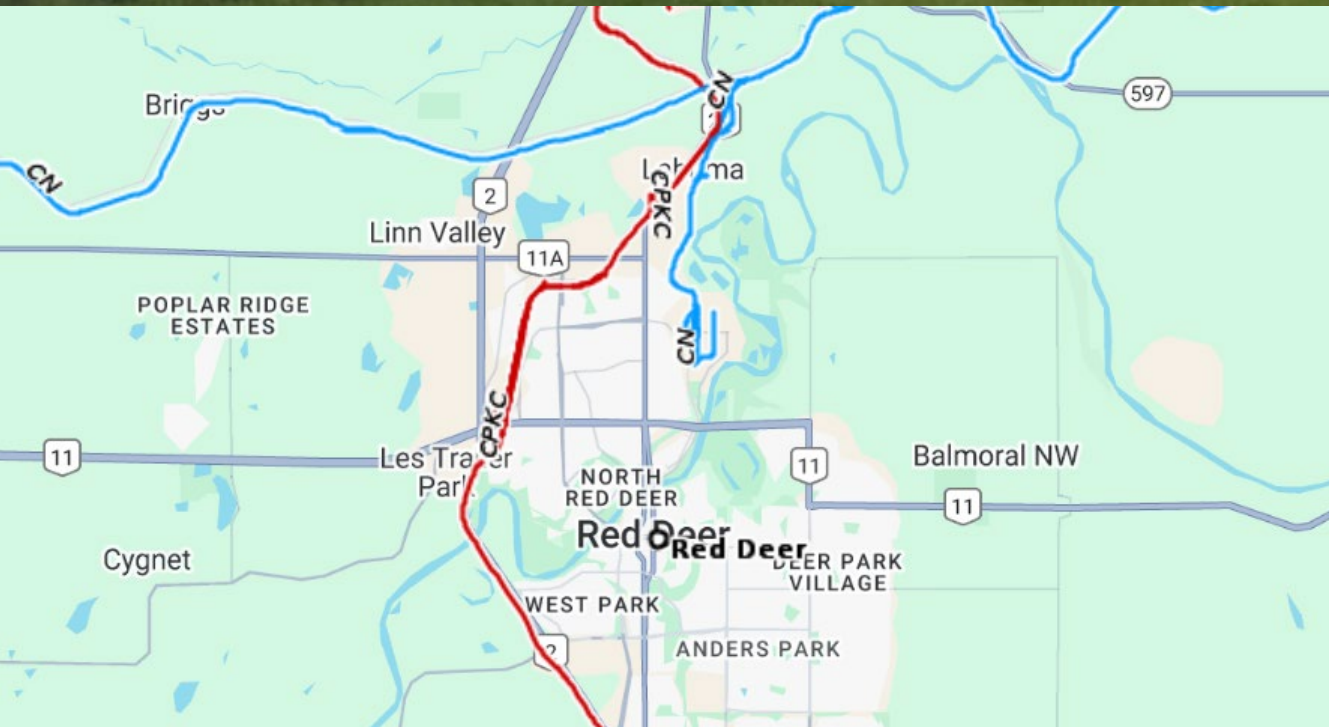
Accident Monitoring

We monitor rail accidents involving crude oil to:

1. Identify trends and compensation issues;
2. Be aware of anyone bringing a lawsuit against a railway company;
3. Redirect claimants to the relevant railway company if they contact us before the Rail Fund is activated.

MAP OF ACCIDENTS MONITORED IN 2023-2024



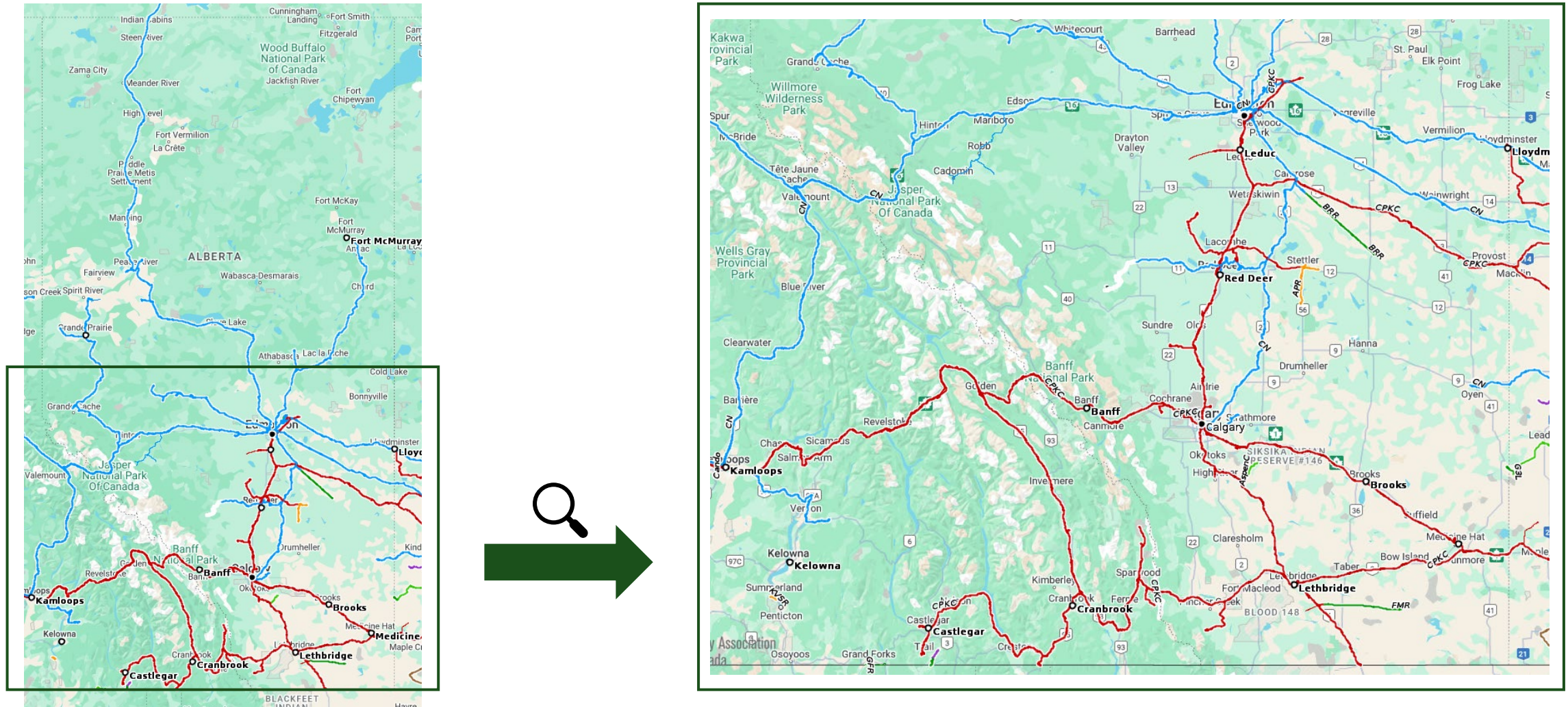


Case Study: Red Deer, Alberta



- **Date:** June 8, 2018
- **Incident:** Canadian Pacific Railway (CPR) train applied emergency brakes, leading to the derailment of seven cars.
- **Derailed Cargo:** One car carried sand; six cars carried crude oil.
- **Emergency Response:** Local fire personnel and a CP HAZMAT team responded to the site.
- **Damages:** One car leaked crude oil; no fire, no evacuations, no injuries.

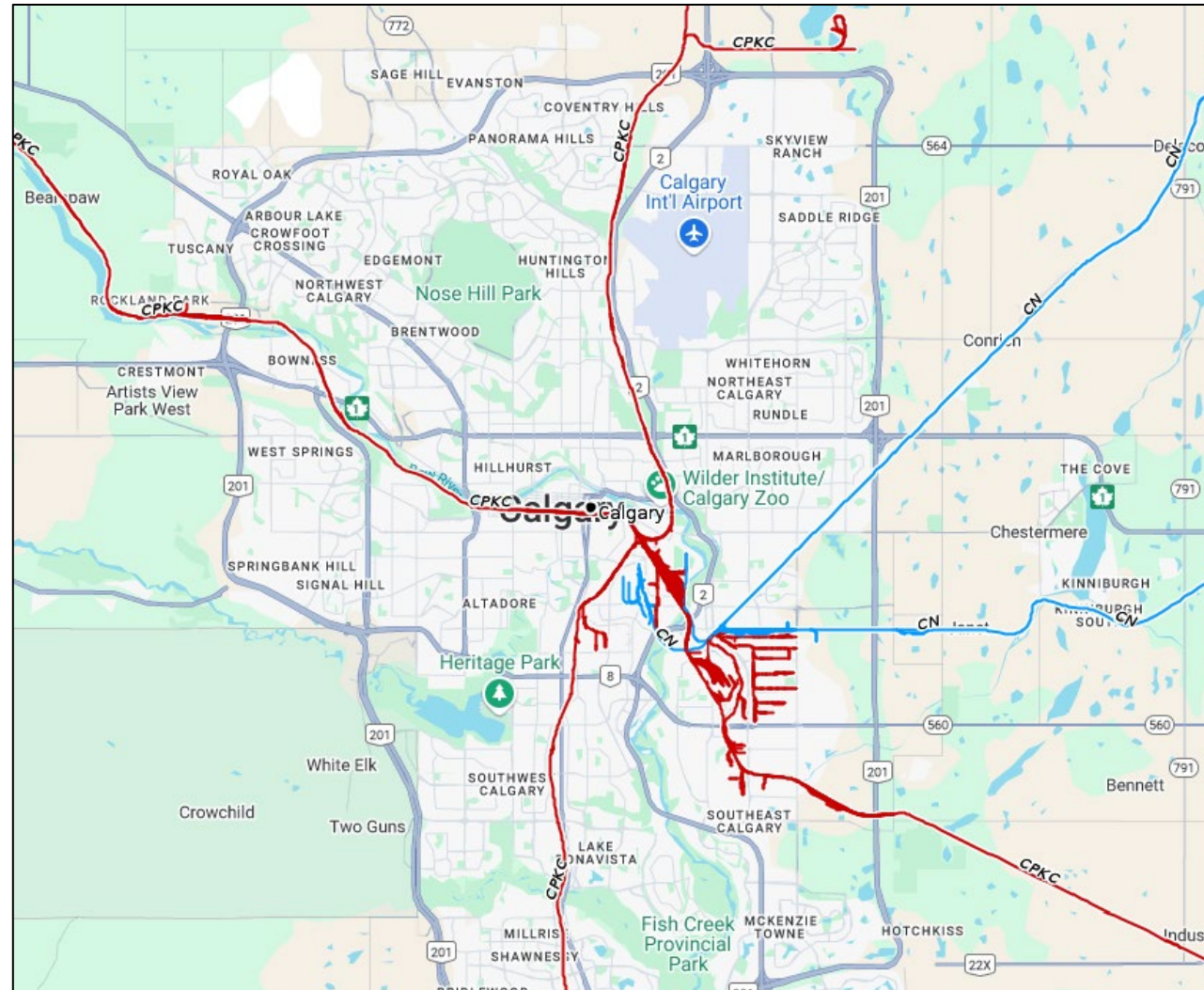
Railway network in Alberta



Railway lines in Edmonton



Railway lines in Calgary



Our new website



- Strong focus on **enhanced accessibility**
- Serves as our **information hub**, including our readiness plan and eligibility criteria
- Contains detailed information about **monitored rail accidents** over the last six years, past incidents, claims and decisions

Check out our new website by scanning the QR code!



Submit a claim to the Rail Fund

The Rail Fund compensates anyone affected by major rail accidents involving crude oil.

⊗ **Status: We are not receiving claims at this time**

ON THIS PAGE

[Who starts to pay after a railway accident? >](#)

[When does the Rail Fund start accepting and paying claims? >](#)

[Who can submit a claim? >](#)

[What type of damages and losses are covered? >](#)

Accident monitoring

We monitor all rail accidents involving crude oil in Canada.

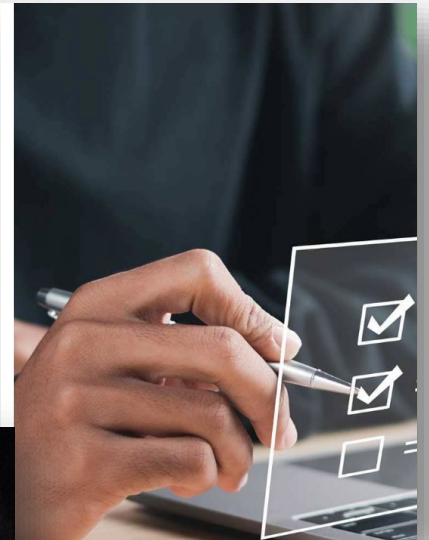
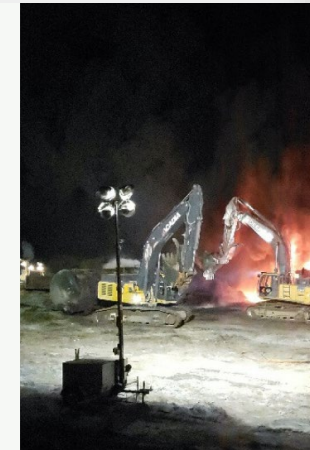
We are currently monitoring five accidents.

- It is unlikely that the Rail Fund will be activated by any of these accidents.

We monitor rail accidents involving crude oil to:

- identify trends and compensation issues
- be aware of anyone bringing a lawsuit against a railway company due to an accident
- redirect claimants to the relevant railway company if they contact us before the Rail Fund is activated.

One way that we track rail accidents is by analyzing all notifications we receive from the [Transportation Safety Board of Canada](#).



Our outreach



- Conferences and trade shows
 - Building relationships with local governments and municipalities as potential claimants
- Enhancing municipalities' preparedness
 - Building awareness prior to an accident
 - Providing educational material to municipalities about our compensation process.
- Learning from all levels of government
 - Emergency response coordination
 - Learning from elected officials of Lac-Mégantic



Summary



- 1** We compensate anyone affected by major rail accidents involving crude oil.
- 2** We start paying claims when the total amount of compensation exceeds the railway company's liability limit.
- 3** As part of the polluter pays principle, the railway is strictly liable, and shippers pay a levy for each tonne of crude oil transported by rail.
- 4** If the Rail Fund is activated, we will deploy resources to receive, assess and pay claims.

We want to hear from you!



What would help you feel more confident in navigating cost recovery after a rail accident?



Let's talk after the presentation or send us an email!

Find out more about us here



Website & Email: www.ship-rail.gc.ca | info@sr-nr.gc.ca

Visit our
website



Address: 180 Kent Street, Suite 830, Ottawa, Ontario K1A 0N5



Telephone: 1-866-991-1727



X: @ShipRailCAN



LinkedIn: Ship and Rail Compensation Canada | Indemnisation Navire et Rail Canada