



PMMIC
INSURANCE

NEWSLETTER

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Common UST Compliance Violations

PMMIC has conducted annual UST compliance and loss control inspections since 2000. Inspections became a national regulatory requirement as part of the Energy Policy Act of 2005.

Last fall, the **Association of State and Territorial Solid Waste Management Officials** published *UST Common Compliance Violations Report—FY 2014, September 2016*, which summarized the most frequent UST inspection deficiencies. The report included inspection results from nearly 43,000 UST inspections from 31 states. The following were the top five most frequent violations identified in the report.

#5 Financial Responsibility— Includes failure to comply with financial responsibility documentation requirements; and failure to maintain financial responsibility.

#4 Tank Release Detection—Includes failure to conduct monthly monitoring; and release detection equipment that was not functional or was improperly installed.

#3 Spill Prevention—Includes concerns with the ability to catch (spill bucket) any spilled product before/during/after delivery into tank.

#2 Piping Release Detection—Includes failure to conduct monthly monitoring and release detection equipment that was not functional or was improperly installed.

#1 Operator Training— Includes compliance with the requirement to have properly trained and designated Class A, B & C operators; failure to post or provide copies of operator training documents at the site; and violations related to failure to conduct periodic inspections.

#1 and #5 are not significant issues in our inspections, however, the other three are similar to our results.

Upcoming IOWA A/B Operator Training

This course is free to all individuals affiliated with a registered Iowa facility.

Date	Time	Location
6/7/17	8:30 a.m.	PMCI Offices
8/9/17	8:30 a.m.	PMCI Offices

To register, please contact our office or visit www.pmmic.com.

Chairman's Corner

One of our core values is Integrity. We are purposeful as we act with integrity, relying on strong moral principles, honesty and decency in all aspects of our operations. With that we strive to help our customers be successful and to assist them in achieving their business goals.

A common goal of all business owners is a profitable and orderly exit strategy/retirement. For many of us that strategy will determine the quality of our retirement because the sale or other means of monetization of the businesses we built will be a source of contribution to our retirement income.

In this newsletter we discuss retirement plans. Establishing a retirement plan is very beneficial to the employer and the employee. It is especially beneficial to the small business employer who is allowed to establish retirement savings tax-free, obtains a tax deduction on a portion of employee salaries, and retain the talent needed to succeed. Offering a retirement plan is a great benefit for our employees and a good business decision for business owners.

Protecting the value of our business assets is a critical factor as we plan for our retirement. PMMIC provides insurance coverage for one of the most expensive risks in our industry. A small UST facility that experiences a release can suffer significant corrective action costs. One uninsured release can bankrupt a small business. Our insurance coverage protects you and your family from liabilities that can wipe out your retirement nest egg.

We will continue to act with integrity as we protect our customers from potentially catastrophic release expenses through our robust prevention, mitigation, and remediation processes.

We wish you the best while you continue to support retirement planning for your employees and yourself. You do your part, we will do ours.

As always,
Ron Burmeister

Can you "Spot the Problem?"

The picture to the left was taken during an inspection inside a petroleum dispenser cabinet. There are many components within the dispenser unit that must function properly to safely transfer the fuel from the supply line to the intended vehicle. The fuel is filtered and metered prior to exiting the nozzle.

Answer to 'Spot the Problem' is on page 3.



AM Best Rating

On January 24, 2017, A.M. Best Co. reaffirmed the financial strength rating of A- (Excellent) and issuer credit rating of "a-" of Petroleum Marketers Management Insurance Company (PMMIC) (Urbandale, IA). The outlook for both ratings is stable. The ratings reflect PMMIC's solid capitalization, its strong operating performance and niche market expertise within the underground storage tank (UST) and above ground storage tank (AST) business. For the latest rating, access www.ambest.com

Annual Meeting of Shareholders

The Annual meeting of PMMIC's Shareholders was held April 12, 2017, at PMCI headquarters in Urbandale, Iowa. PMMIC has been a long-term associate member of PMCI and we are fortunate to utilize the association's meeting space at many times throughout each year for various meetings and training sessions. We are grateful for their continued hospitality.

At the meeting, the shareholders elected Randy Woodard and Jeff Yurgae to three year terms on the board of directors. Mr. Woodard is the President & CEO of Elliott Oil Company in Ottumwa, IA. He has been on the board since 2012. Mr. Yurgae is President & CEO of Mueller-Yurgae Associates in Des Moines, IA. Mr. Yurgae joined the PMMIC board in 2014.

Immediately following the annual meeting of shareholders, the board of directors met and elected the following officers for the company:

- Ronald Burmeister, Chairman of the Board
- Randy Meyer, Vice Chairman
- MJ Dolan, Secretary
- Jerry Woods, Treasurer
- Patrick Rounds, President and CEO
- Thomas Norris, Vice President
- Brian Wiegert, Vice President

Did You Know?

The convenience store industry continues to be dominated by single-store operators accounting for 63.1% of all locations in the US according to Convenience Store News. CSN reports that there were 154,535 convenience stores in 2016, with 97,504 facilities operated by single-store operators.

How Can I Protect Myself from an Unfunded UST Release?

In 2011 the USEPA contacted several UST insurers (they did not contact PMMIC) to obtain feedback on a study to determine the effectiveness of UST insurance as a financial responsibility mechanism. The carriers noted that causes of unfunded UST releases include:

- Release occurred outside of insurance policy period (preexisting contamination)
- Failure of insured to timely file a claim
- Release reported outside of insurance reporting period
- Release occurred from a tank not listed on a policy
- Insured unable to document compliance with regulations or policy terms

How does this happen? The report noted, "All of the insurance carriers agreed owners and operators need to better understand the terms and conditions of their UST pollution insurance policies and to view their insurance policy as more than a simple requisite purchase for meeting the federal UST FR regulation." It also noted that owners and their insurance agents may not understand how retroactive dates can impact coverage.

PMMIC has addressed these concerns since our inception by requiring owners to determine if there are preexisting conditions (site assessment or affidavit); by verifying system components with a pre-binding site inspection; and conducting annual loss control and compliance inspections to ensure compliance with policy terms. We also educate our owners and insurance agents on the value of retroactive dates and the filing requirements associated with a claims-made policy.

If the USEPA would have asked us the primary cause of unfunded UST releases, we would have told them, "not obtaining insurance from PMMIC."

"Spot the Problem" Answer: The problem in this picture is the obvious leaking filter. This is a serious problem and can be extremely hazardous. Any time a filter is changed, it must be inspected for leaks shortly after it is put back into service and periodically thereafter.



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Retirement Protection

The average American retires at age 63. The average length of retirement is 18 years. Financial planners estimate that you should have four times your annual salary in retirement savings by the time you are 55, and six times your annual salary by age 60. A majority of those who save for retirement (63%) don't save enough and are dependent on social security, family and charity to survive.

Over 60% of C-Stores are operated by a single-site operator. If you are in this group, most of your retirement income will come from the sale of one store. Even if you maximize your retirement plan contributions, you may be relying on the revenue from the sale of your C-Store as a significant piece of your retirement plan.

A study of C-Store sales from 2011 through 2014 indicated that the average sale price (not including the value of the real estate) ranged from a 0.36 to 0.39 multiple of revenue and from 2.07 to 2.20 multiple of cash flow. The median sale price ranged from \$120,000 to \$175,000. Add the value of the real estate to the equation and retirement seems possible, unless the real estate has no value.

The average cost of a petroleum release in the US is approximately \$150,000. One unfunded release may exceed the value of your business enterprise and devalue the real estate.

PMMIC's C-Store retirement plan is simple: Keep your customers happy to increase sales and enhance the sale price of the business. Maximize your retirement plan contributions. Maintain your tank system in compliance with regulatory requirements. Rely on PMMIC's UST insurance and our loss control inspections to protect your investment. Enjoy a financially secure retirement.