



# PMMIC INSURANCE NEWSLETTER

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## Table of Contents

Hydrostatic Test Water	1
A.M. Best Issues Positive Outlook	1
Chairman's Corner	2
Spot the Problem	2
Millennials & Convenience	3
How Much is Too Much?	3
From the Underwriter's Desk	4

## Hydrostatic Test Water

UST owners are evaluating available options for testing spill containment, sumps and under dispenser containment (UDC) to comply with new federal testing requirements. One test method known as hydrostatic testing requires the introduction of test water into each containment and measuring the level of test water after one hour to determine if the containment passes the test. At the completion of the test, the test water must be properly disposed.



Test water will be considered a hazardous waste if 1.13 ounces of gasoline is combined with 100 gallons or less of test water. If only 1/100 of an ounce of gasoline contaminates 100 gallons of test water, that water will violate safe drinking water standards of 5ppb benzene—which is also the trigger for identifying a suspected release from a UST system.

Recently the Iowa DNR has proposed a rule to

allow the direct discharge to the ground surface for all hydrostatic test water. The proposed rule will not require a permit or notice to the DNR.

Any release resulting from the direct discharge of petroleum contaminated water to the surface of a facility that is insured by PMMIC is not covered by the PMMIC policy. If you insure your tank system with PMMIC, do not discharge any liquids to the ground surface from any sump or containment.

## A.M. Best Issues Positive Outlook

On December 11, 2017, A.M. Best affirmed the Financial Strength Rating A- (Excellent) the Long-Term Issuer Credit Rating “a-” and revised the outlook from stable to positive for Petroleum Marketers Management Insurance Company, Urbandale, Iowa. The ratings reflect PMMIC’s balance sheet strength, which A.M. Best categorizes as very strong, as well as its strong operating performance, limited business profile and appropriate enterprise risk management. PMMIC’s niche market focuses on the underground storage tank (UST) and above ground storage tank (AST) pollution liability market. **For more information, visit**

[www.ambest.com](http://www.ambest.com).

## Chairman's Corner

### Convenience and Innovation

Success in the convenience store industry requires a focus on innovation and convenience. Businesses have to evolve and lead the innovation charge, or follow and try to keep up.

In 2017, the Energy Information Administration (EIA) predicted that electric vehicles would account for 8% of all US sales in 2025. Professor John Heywood of MIT predicted that in 2050, 60 percent of light-duty vehicles will still have combustion engines. Vehicles powered purely by batteries, he estimated, would make up only 15 percent of sales. Bob Lutz, a former vice chairman of General Motors predicted that almost all private transportation will be by electric vehicles by 2039.

The electric car struggles to compete with the internal combustion engine based upon current technological limitations. Consumers can transfer 10 megawatts of energy in to a car's gas tank in five minutes. To recharge an electric car at that rate would require a cable so large that most drivers couldn't lift it. Also, Professor Heywood believes that fuel economy will double in the next 30 years.

With increased fuel efficiency and increased deployment of electric car, what will happen to fuel sales? The EIA predicts that oil demand will continue to rise into the 2040s, while Shell Oil has suggested that oil demand may peak within 5 to 15 years. These diverging predictions from experts require that our industry remain vigilant of new technologies, government requirements and consumer trends.

As transportation technology evolves, so will our industry. Batteries and battery charging technology will evolve, but convenience will still be in demand. Will petroleum dispensers remain the primary draw for our industry? Will time-efficient recharging become a reality? Are you ready to evolve if the market changes?

PMMIC's insurance coverage works in part because of our innovative loss control advancements. Our corrective action costs are less than 1/3 of the national average. Our innovations work. Many of our inspection, training and tank management innovations are now becoming legal requirements throughout the US. The regulations require that tank owners evolve or fail. Evolution requires capital investment. Our customers are better prepared for the new regulations than most of the industry.

We look forward to continuing to evolve with our customers and leading the market with innovative solutions.

As Always,

*Ronald Burmeister, Chairman*



### Spot the Problem

The picture to the left was taken of a fuel delivery spill basin during a compliance inspection. Spill basins are required on all underground storage tank fill ports and are designed to catch any product spilled during a fuel delivery. They are also referred to as a spill bucket or spill container. Can you spot the problem in this picture? (*see page 4 for answer*)

## Millennials & Convenience

Looking to increase “millennial” consumers to your store? You should. Millennials (generally those who were born between the early 1980s and the early 2000s, or those who range from 15 to 36 years old) account for over 92 million Americans today. Although they have comparatively less income and greater debt than previous generations, their sheer numbers mean they are the generation with the greatest retail buying power today. They will account for nearly \$1.5 trillion in the US by 2020. They live with their parents longer, get married later and are reluctant home and car buyers. They are willing participants in a “sharing economy”. According to Goldman Sachs, millennials look for maximum convenience at the lowest cost. Although quality is still a key factor, price is more important than it is for other generations. And, although brand names are less important to millennials, social media promotions can increase brand desirability. They are used to instant price comparisons, product information and peer reviews. Finally, just as millennials live online, they also buy online. Over 80% of millennials purchase products online. Coca-Cola Company recently evaluated data from their own consumer surveys, and data from Youbrandinc.com, Merrill Lynch, the Hartman Group, Simmons, Kantar and other sources. Their findings:

• Millennials check their mobile phones at least 157 times a day;

• 61% of millennials use online review or social-media sites at least once a month to determine where to eat and drink;

• Millennials use their smartphones more than any other technological device, spending an average of 58 hours per month on apps or websites on their smartphones;

• Millennials, particularly younger members, value the connectivity provided by smartphones;

• 70% of younger millennials agree that ‘my phone connects me to my social world’;

• 40% of millennial consumers eat or drink “something unfamiliar” at least once a month, while 50% said they find limited-time offers (LTOs) enticing.



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Visit [www.pmmic.com](http://www.pmmic.com) and click on ‘Updates’ for more information about how to connect with the millennial market!

## How Much is Too Much?

### *How much gasoline it takes to cause water to be unsafe.*

There are many regulatory standards that may apply to petroleum contaminated water. Most regulatory limitations are chemical specific. For gasoline, benzene has the lowest threshold for most regulations. Here are some common limitations for benzene:

Five parts per billion (0.005mg/L or 5ppb):

- Maximum Contaminant Level (MCL) in drinking water
- In groundwater, triggers corrective action requirements in most states.

Five parts per ten million (0.5 mg/L or 0.5 ppm):

- Hazardous waste for toxicity characteristic (TC) pursuant to 40 CFR 261.24

How much gas does it take to violate regulatory standards? (gas is approximately 0.62% benzene)

- 1oz of gas will contaminate 9,765 gallons of water in excess of drinking water standards.
- 1.13oz of gas will cause 100 gallons of water to exceed the hazardous waste limit.



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## From the Underwriter's Desk

With more and more facility owners performing upgrades to their tank systems, we are finding some confusion is apparent when it's time to provide leak detection documentation at policy renewal. All tank systems installed after November 28, 2007, and all piping upgrades to existing tank systems after that date, require Secondary Containment with Interstitial Monitoring (SCIM) as the primary method of leak detection. The most common way to perform monitoring of the interstice is with electronic sensors which are connected to the automatic tank gauge (ATG). Interstitial sensor reports must be printed every 30 days to satisfy DNR regulatory requirements for leak detection. When you send in your insurance renewal application to PMMIC, please provide a copy of the most recent 12 months of the SCIM reports for each tank and each line that is required to use SCIM. You may have to manually print SCIM reports each month as not all ATGs are equipped to automatically print results, and some ATGs are unable to store historical reports. If you are unsure about how to print the required SCIM reports, please contact your service provider for guidance. Your service provider should have the most up to date information on the capabilities of your ATG.

*"Spot the Problem" Answer:* The problem in this picture is the round hole in the bottom of the spill basin (center of the picture). Look closely and you will see the hole and the backfill that is underneath that basin. Although spill basins are designed to "capture" spilled petroleum before there is a release to the environment, the basins must be emptied immediately. Most warranties require proper installation and maintenance, which includes prompt removal of all liquid and debris from the containers. Spill basins should be inspected and cleaned before and after every fuel delivery.