

UST INSURANCE - THE PMMIC WAY

Studies have revealed that UST insurance claim denials occur because (1) the application for coverage is incorrect or incomplete; (2) a release is not documented during the policy term; and (3) the insured cannot prove compliance with policy terms at the time of the release.

PMMIC was created by tank owners over 23 years ago knowing that most releases are not identified by leak detection systems. Confirming the source and date of a release and proving compliance with all insurance policy requirements at the time of the release is a challenge. PMMIC addresses these concerns with our pre-binding and annual compliance inspections, and availability of retroactive coverage.

- 1. Pre-binding application verification ensures the application is accurate;
- 2. Annual compliance inspections document regulatory and policy compliance, allowing a reasonable time for any deficiency correction;
- 3. A failed leak detection result is not required to document a release;
- 4. When original retroactive dates are purchased by new owners, gaps of coverage are eliminated.



Our tank-owner driven solutions have reduced releases and improved coverage. Other carriers operate differently. Our focus on loss control activities may create coverage concerns for customers that purchase coverage from another insurance carrier. While our inspections ensure coverage under our policy, inspections may identify times of non-compliance that may support a new carrier's denial of coverage for a previously undiscovered release.

If you are considering purchasing coverage from another carrier, please protect your financial interest by confirm the following:

- 1. The new policy provides the same retroactive date as your existing policy;
- 2. Your agent has reviewed all previous inspections and accepts the inspections as proof of compliance; and
- 3. The policy does not require a failed leak detection test to confirm a release from your system.

SPOT THE PROBLEM

The tank top piping sump picture was taken during a compliance inspection.

Can you spot the problem in this picture?



(Answer on page 2)

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CHAIRMAN'S CORNER

Over the past 23 years, we have attained our original goals of providing cost-effective insurance of Iowa UST system owners and eliminating any gap of coverage between the state program and future operations. We have returned over \$56 million in claim reimbursements and dividends to our insureds.

Our mission does not end here. We now write coverage in nine states and provide compliance assistance nationwide. We strive to assist every client to succeed and prosper. Our third-party, independent inspections have identified thousands of compromised components and leaks that could have become major liabilities. We document regulatory compliance allowing our clients can focus on growing their businesses rather than focusing limited resources to comply with regulatory reporting and compliance tracking. We allow greater emphasis on profit centers.

Environmental compliance can be complicated and time consuming. In recent months, the USEPA and several states have issued press releases detailing hundreds of thousands of dollars in fines to UST facility owners for failing to comply with UST regulatory standards or lacking proper compliance documentation. Besides financial penalties, the impacted companies must also address the long-term damage to their public image. We protect our clients from such harm.

We are expanding our compliance inspections and loss control services to clients who do not purchase our insurance coverage. We provide annual inspections, 30-day walkthrough inspections, sump water disposal, and compliance audits. Our monthly and annual walkthrough inspections are a cost-effective way for owners to focus on convenience and service while we focus on cost-effective compliance oversight. Compliance is a business issue.

Thank you for letting us help you with your business.

Respectfully,
Ron Burmeister
Chairman

SPOT THE PROBLEM ANSWER (from page 1)

This containment was not being properly maintained and liquid was allowed to collect. Regulations require these containments be kept free of liquid and debris. Besides figuring out how to remove the ice from the containment, it will be very challenging (and expensive) accessing damaged components and leaks for repair. Additionally, liquid sensors frozen in a block of ice are disabled and will not detect fuel collecting in the sump if there is a leak. Make sure all containment is cleaned out periodically, especially prior to the Winter cold weather!

THE IMPORTANCE OF RECORD KEEPING

Leak detection systems play a critical role in fuel management and regulatory compliance. Immediate response to early indications of a leak may save thousands in release response costs. In addition, inadequate leak detection records are a common regulatory deficiency that can result in enforcement action. Wawa Inc. recently agreed to pay \$26,500 after inspections of nine New Jersey stores failed to meet "operator training, record keeping, and leak detection requirements," according to the EPA.

PMMIC is here to help. As a policyholder, you receive an annual in-depth review of system records by a licensed UST compliance professional. Our PMMIC compliance department works diligently to keep you in compliance with Federal and State regulations by identifying system issues, providing technical reviews, and tracking all required regulatory testing. We notify you of any deficiencies in your operations or your documentation.



To renew your policy, we must receive adequate documentation of compliance with the last 12 months of leak detection for each tank and piping run. You must satisfy leak detection requirements every month. Please refer to your renewal application for the specific testing that is required for your facility. If you are unsure what records or documents are due at renewal, please contact one of our underwriters at (515) 334-3010 or at pmmic-us-underwriting@pmmic.com.

We are here to help keep you in compliance!

BEWARE OF REGULATORY FINES

The Association of State and Territorial Solid Waste Management Officials (ASTSWMO) recently reported that the most common UST compliance violations were not documenting monthly leak detection, system release prevention, and operator training. Failure to comply with UST regulations can result in regulatory penalties, loss of profits and damage to your business reputation. In the past three months, USEPA and several states have imposed significant penalties for companies unable to document compliance with all UST regulatory requirements. Press releases noted the following:

- In New Jersey, an operator of 13 convenience stores was found to be noncompliant with spill prevention, leak detection, inspections, and record keeping requirements. They were fined \$175,000. Another operator of nine facilities agreed to a civil penalty of \$26,500 for failure to meet operator training, record keeping, and leak detection requirements.
- In New York, three companies that operate 11 UST facilities failed to document compliance with UST inspection requirements and agreed to pay \$150,00 in penalties. An owner of 28 emergency generator facilities in New York, New Jersey, and the US Virgin Islands agreed to a \$40,000 penalty for failure to document compliance with spill prevention, inspections and operator training.
- In New Hampshire, a marina agreed to a \$100,000 civil penalty for failure to comply with UST regulatory reporting requirements.
- In Minnesota, two companies failed to document compliance with overfill protection, line and tank leak testing, inspections, and operator training. The companies were fined more than \$107,000.
- In Oregon, a UST facility was fined \$38,000 for five violations found during a state inspection.

Merry Christmas!



R&A Risk Professionals, a PMMIC company, offers affordable and convenient 30 Day Walkthrough inspection with liquid removal services.

- Complies with State and Federal Regulatory Requirements
 - Convenient Electronic Record Keeping
 - Cost-Effective Liquid Removal Services
- Streamlines Compliance Reporting Insurance Renewal Processes



If you are interested in having a conversation on the efficiencies of these services through R&A, please go to RAArisk.com or contact Christian Quijano with R&A at cquijano@pmmic.com.

