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Petroleum Marketers Management Insurance

Changes to Reporting Petroleum Releases to DNR

By Brian Pottebaum, Loss Control Inspector Supervisor

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Existing reporting requirements. Iowa law requires facility owners and operators to report “suspected” petroleum “releases” to the DNR within 24 hours of discovery, or within 6 hours of discovery if a “hazardous condition” exists. If a release is suspected, the owner or operator must immediately investigate and determine whether or not a “confirmed release” to the environment has occurred.

The confirmation results must be reported to the DNR within seven (7) days, or another reasonable time period specified by the DNR. Recently, new rules were added that also require UST professionals to report to the DNR.

The change...new regulation (IAC 567—134.22), which became effective **August 19, 2009**, requires licensed UST professionals to report suspected and confirmed

releases within 24 hours of discovery to the *owner and operator* by way of a form developed by the DNR. The notification must be within 6 hours if a hazardous condition exists. The UST professional must submit a copy of the DNR form directly to the DNR within seven (7) days of discovering a confirmed release. However, the UST professional is not responsible for reporting a suspected release directly to the DNR.

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New Policy Transfer Process

Historically, PMMIC allowed policyholders to execute the assignment (transfer) of an existing PMMIC policy to a new policyholder at the time of a property sale or business transaction. The assignment was accomplished by the execution of a form by both the existing policyholder and the new policyholder. The assignment of a policy allowed the new policyholder to maintain the existing retroactive date.

The “retroactive date” is the first date the UST system is insured by the policy, in other words -- a “start” date. A petroleum release that occurred prior to the start date is not covered by the policy. In a claims-made policy, coverage only applies to events that occur on or after the retroactive date and before the

end of the policy period. Assignment of the policy allowed the new policyholder to keep the previous policyholders’ retroactive or start date.

The administrative costs associated with policy transfers are substantial, including a background check of the new policyholder and associated underwriting activities that would not otherwise be involved in a policy renewal with the existing policyholder. There is also the potential for increase in credit and finance risks and other hazards to underwrite a new policyholder.

As a result of the increased costs and risks undertaken by PMMIC in a policy assignment, we have implemented a revised property transaction process as

follows:

- New policies will not automatically pick up the retroactive date of the existing policy when the named insured changes.
- The new policyholder may purchase the retroactive date of the existing PMMIC policy for an equivalent of one year premium, if purchased at the time the transfer takes place.

If the new policyholder does not elect to purchase the retroactive date of the existing policy at the time of the business transaction, PMMIC will underwrite the new policy consistent with our current underwriting procedures and requirements with a new retroactive date.

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UST professionals. The DNR classifies a UST professional as someone licensed by the state to conduct UST installations (including system upgrades), inspections, lining/repairs, testing, and removals. Many of these professionals could enter your facility throughout the year, so you need to be prepared to respond if one of them is on site and becomes aware of a suspected or confirmed release.

What is a “suspected petroleum release”? A release is “suspected” if you or a UST professional discovers evidence to suggest that a petroleum release to the environment may have occurred. Examples include:

- The discovery of petroleum outside of the UST system such as the presence of free product or vapors in soils, basements, sewer and utility lines, and nearby surface water;
- Unusual UST system operating conditions such as the erratic behavior of product dispensing equipment, the sudden loss of product from the UST system, or an unexplained presence of water in the tank, unless system equipment is found to be defective but not leaking, and the defective component is immediately repaired or replaced; and
- Monitoring results from a release detection method that indicate a release may have occurred, unless it is disproved by another acceptable means.

What is a “confirmed petroleum release”? A release is “confirmed” if subsequent findings indicate that a petroleum release to the environment has occurred, such that petroleum or other regulated substances have breached the UST system or come in contact with the surface material (concrete/asphalt), backfill material, soil, groundwater or surface water. This includes:

- Soil or groundwater sample analytical results for any petroleum constituent exceed the DNR’s contamination corrective action levels;
- There is a spill or overfill from the UST system (exceeding 25 gallons);
- There is an affected receptor (e.g., petroleum discovered in a utility trench, which can be attributed to the UST facility or the UST facility cannot be ruled out as a source);
- Drinking water supplies are contaminated, which can be attributed to the UST facility or the UST facility cannot be ruled out as a source;
- Vapors are observed in buildings or structures which can be attributed to the UST facility or the UST facility cannot be ruled out as a source;
- Free product is observed in the environment or in monitoring well used for release detection or LUST monitoring;
- Stained soil is observed; and
- Sheen is observed on surface water.

How do I report this to the DNR? The DNR has a helpful guidance and the required release report forms available on the internet at <http://www.iowadnr.gov/land/ust/ustrelease.html>. To report a release, you must first contact the DNR Emergency Response, then the DNR field office in the region where the release occurred, and then the UST Section at the DNR central office. Contact information is as follows:

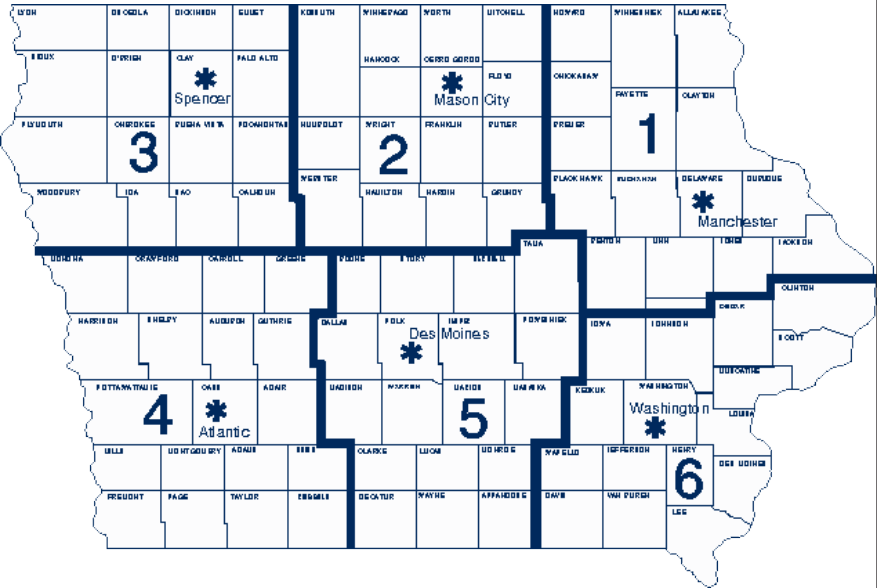
1. Emergency Response: (24-hour phone) 515-281-8694 or fax 515-725-0218;
2. DNR Field Offices (see map below):

Field Office	Phone	Fax	Field Office	Phone	Fax
1-Manchester	563-927-2640	563-927-2075	4-Atlantic	712-243-1934	712-243-6251
2-Mason City	641-424-4073	641-424-9342	5-Des Moines	515-725-0268	515-725-0218
3-Spencer	712-262-4177	712-262-2901	6-Washington	319-653-2135	319-653-2856

3. UST Central Office: (work hours phone) 515-281-3634 or fax 515-281-8895; and then
4. Use the DNR Release Report Form to fax within 24 hours or 6 hours.

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What about my insurance? Contact PMMIC IMMEDIATELY if you suspect a release. The 24-hour number is (515) 334-3001. It is very important to stop the **source** of a release and to determine the cause of a release as soon as practical. If you contact a UST service company to repair any part of a UST system that is suspected of leaking or allowing a release, it is very important that the condition of the component be photo-documented before and after any repair. Take the pictures yourself if your service company does not. Take pictures before the repair has begun. **Do not allow any damaged or repaired component to be removed from the site; you should retain any component that has been replaced.** Once the release is stopped, you will need to take action to minimize the impact from the release. PMMIC will work with you and your groundwater professional to take immediate steps as necessary.



New Policy Transfer Process Continued from page 1

What does this mean for our current customers?

If you are selling your insured facility, please do the following before the sale:

- Advise PMMIC in advance of the change and fill out a PMMIC authorization form to release information to the individual or party with whom you are transacting business. This will enable PMMIC to properly communicate with the new policyholder, as we cannot otherwise release information that is considered confidential.
- The new policyholder must complete an application for coverage “FOR PREVIOUSLY INSURED SITES.”
- The application and premium must be submitted within 30 days of date of the property sale or business transaction.
- The new policy will receive a new policy inception date which is usually the first day of the new named

insured’s ownership or operation of the facility.

- The existing policy will be canceled on the transaction date with a return of unearned premium to the named insured.
- Premium for the purchase of the retroactive date must be submitted within 30 days of the expiration or “termination” of the existing policy.
- A policy expires or terminates when:
 - the named insured no longer has an insurable interest (facility is sold);
 - the policy period ends;
 - the named insured requests termination;
 - the policy is cancelled.

If you are acquiring a site that is currently insured by PMMIC:

- Submit an application for

coverage “FOR PREVIOUSLY INSURED SITES” prior to the acquisition date.

- Request the existing policyholder to notify PMMIC of the pending transaction and fill out a PMMIC authorization form to release information to you.
- Complete and sign IDNR Form 148 with your ownership information, and submit to PMMIC and IDNR.
- Submit the policy premium and the retroactive coverage premium prior to the expiration or cancellation of the existing policy.
- A new policy inception date will be created but the existing retroactive date will be picked up if properly purchased.
- Coverage will be continuous between the policies, if proper notification and documentation is provided by date of property sale or business transaction.

What Operator Training Do You Need? By Brian Pottebaum, Loss Control Inspector Supervisor

Operators of underground storage tanks (UST) are going to get the opportunity to add more credentials to their resume. A new law going into effect soon will require UST operators to be trained according to their level of responsibility at the facility.

As part of the Energy Act of 2005, the EPA has developed basic operator training guidelines that each state (ex. Iowa DNR) must further develop and implement. These guidelines were published by the EPA in August 2007 and you can view the entire document at http://www.epa.gov/swrust1/fedlaws/final_ot.htm. The DNR will not provide the training, but will be approving courses that will meet the required criteria. PMMIC will develop and provide approved courses for our customers as soon as the DNR completes the state-specific operating training provisions.

The operator training guideline outlines three classes of operators:

Class A Operator is any person having primary responsibility for managing resources and personnel to achieve and maintain compliance (ex. owner/supervisor),

Class B Operator is any person having daily on-site responsibility for implementing day-to-day aspects of operating, maintaining and recordkeeping for one or more facilities (ex. manager), and

Class C Operator is any on-site employee controlling or monitoring the dispensing of fuel and who are the first line of response to emergency conditions (ex. clerk).

Each facility must designate a person for each class, and in some cases that may be the same person for two or all three classes. One person can be more than one class of operator. The

operator must be trained for each class they are designated. For example, if you are the facility owner designated as the Class A and B operator, you must receive training for both Class A and B operators. However, the DNR may choose to design training that encompasses more than one class in one training session. A & B may be combined, or B & C may be combined or all may be separate.

The deadline for all states to have existing Class A, B and C operators trained according to state-specific requirements is August 8, 2012, however DNR has set the deadline for Iowa to be **August 1, 2011**. After that date, all new Class A and B operators must be trained within 30 days of assuming that position and Class C operators must be trained before assuming that position.

Class A and B operators must receive training from a DNR approved third party. The training program may include in-class, on-line and hands-on experience. The training may also include written and practical examinations. However, an experienced operator may have the choice to forgo the training program and take an approved exam. The DNR will allow Class C operators to be trained by approved Class A or B operators.

Will retraining be required? Yes, if your facility is determined by the state to be out of compliance with regulatory requirements, the Class A and/or Class B operators will be required to be retrained within a specified time-frame to be determined by the DNR. It is also possible that all operators will need to receive continuing education units (CEU's), but that criteria has yet to be determined.

All operators must maintain records (i.e. certificates) documenting that they

have received the appropriate training. That also means that these records must be "readily" available at the time of a compliance inspection, similar to the leak detection, cathodic protection and financial responsibility records you are currently maintaining. In addition, all certified Class A, B and C operators must be reported to the DNR.

As more information about operator training becomes available, PMMIC will be posting it on their website at <http://www.pmmicinsurance.com>. Please contact us for your training needs.

PMMIC Corporate Update

At it's annual meeting in April, the shareholders of PMMIC voted to amend the Articles of Incorporation to include PMMIC's new home office address and to update various statutory references. The new address is:

2894 106th St. Suite 220

PO Box 7628

Urbandale, Iowa 50323

The shareholders also elected three board members.

- Ron McGauvran was elected to a one year term;
- MJ Dolan was elected to a three year term;
- W.A. Krause was elected to a three year term.

The next annual meeting of shareholders will be held Wednesday April 14, 2010.

LUST RBCA Regulatory Update

by Tom Norris, Vice President

If you are unfortunate enough to have a petroleum release from your UST system, you must take corrective action pursuant to corrective action requirements established by DNR. These requirements are known as “risk based corrective action” or RBCA standards. The original standards were developed after the Iowa legislature adopted risk based corrective action principals in 1995. The administrative rules associated with corrective action requirements were written by a technical advisory committee created by the Iowa legislature. That committee was made up of a broad spectrum of key stakeholders who would be impacted by the rules. That committee was dissolved after the initial rules were adopted. Since that time, key stake holders, including PMMIC, have continued to work with DNR when modifications of the RBCA rules are necessary.

Beginning in April 2009, key stakeholders have met with DNR to discuss the current Risk Based Corrective Action (RBCA) process in an attempt to streamline the process and to update the technical requirements to better achieve environmental protection goals. The

meetings have been overseen by an outside facilitator. The purpose of these stakeholder meetings were (1) to examine the existing RBCA process and for the group to gain consensus of any potential changes that could be made and (2) recommend rule changes to enact any change. The stakeholder group has focused on issues that were most frequently cited as parts of the RBCA process that should be examined including surface water receptors, vapor issues including sewers as receptors, and the use of soil gas sampling. Although the group recognizes that changes are necessary, no consensus has been reached on the changes.

Concurrent to this RBCA evaluation process, another group of stakeholders including DNR, the Iowa UST Fund, PMMIC, Iowa State University, and other industry representatives have been examining rules and standards for plastic water line receptors. Based on recent research performed at ISU and based on other industry information gathered throughout the meetings, the group is close to making a recommendation

that would (1) relax the corrective action standards for the plastic water line pathway with respect to water mains and the amount of contamination that can be encountered without requiring corrective action, and (2) make the corrective action standard more stringent with respect to “PE” and “PB” (black pipe) pipe used for service lines. The group hopes to have a final recommendation for rule changes within the next 30 days.

PMMIC continues to monitor and to be actively involved in initiatives regarding legislative and rule changes that could impact PMMIC policyholders and stockholders.

Helpful Tips

Please have your PMMIC policy number on hand when calling PMMIC. This will make it more efficient for us to help you.

Policy Renewal Tip

As part of the new inspection requirement of the DNR, leak detection records must be maintained for at least 12 months. As part of PMMIC’s insurance coverage, we conduct the regulatory inspection for DNR. Part of the inspection includes a review of your leak detection records each year at your policy renewal.

Therefore, to renew your policy, we must receive, review, and confirm that you are in compliance with the last 12 months of leak detection. If you do not submit adequate records or we are unable to decipher your records, we must notify DNR that you are not in compliance with the leak detection requirements. DNR will then handle the follow up associated with

non-compliance.

To assist with the leak detection confirmation process, please be sure to:

- Submit the most recent 12 months of leak detection records for each tank and each line;
- Submit the most recent line leak detector tests;
- Do not send original automatic tank gauge printouts. Compile leak detection records with the **most recent records on top**, and in chronological order. When copying, fill each page with tests, making sure the tests are entirely visible. We must see the word “pass.”

- Whenever your leak detection method changes, a DNR 148 form must be completed reflecting the change(s). A completed copy of this must be sent to DNR and PMMIC.



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We Now offer AST Coverage! Contact us for details.

We Have Moved!

We have moved to new offices. Effective June 1, 2008, PMMIC's new address is:

2894 106th St.

Suite 220

Urbandale, Iowa

(East of I80/35, between Hickman and Douglas)

Our new mailing address is:

PMMIC

P.O. Box 7628

Urbandale, Iowa 50323

Our new phone and fax numbers are:

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