

PMMIC UST and AST Insurance Rates

By Brian Pottebaum, Loss Control Inspector Supervisor, PMMIC

Insurance rates are determined by projecting the frequency and severity of claims over a set population of risks. In recent years, PMMIC has experienced an increased frequency of claims. Based upon this trend, our actuary projects that we will experience over a 13% increase in loss costs in 2008. As a result, overall rates for 2008 increased by an average of 12%. Because our rates vary based upon system risks, some customers will experience up to a 25% increase over last year, while some will see a decrease compared to previous years' rates.

An analysis of our claims indicates that the recent increase in frequency is related in part to an aging tank population, but it is also the result of an increasing number of smaller leaks from system components of all ages, and a more aggressive response from the regulatory agency requiring subsurface assessment of relatively minor leaks.

What can you do to control rates? There are three actions you can take to reduce losses and insurance rates: 1) monitor and maintain your system so that leaks do not occur; 2) take advantage of premium discounts; and 3) support PMCI as they continue to work to reduce unneeded regulatory burdens.

Monitoring and maintaining your system will reduce the number of minor leaks from dispensers and pumps. Last year, these "maintenance leaks" or "spills" accounted for over 60% of all claims. Check your system for anything that may indicate a leak and respond to possible leaks before they become large enough to warrant regulatory concern.

Premium discounts. PMMIC provides discounts for preferred tank systems. Newer systems receive better rates than older systems. Double-walled systems receive better rates than single-wall systems. Higher deductibles receive a better rate than lower deductibles. PMMIC also provides a 5% premium credit for the following sites:

- where all piping sumps have intact containment;
- where all dispensers have intact containment;
- that have secondary containment systems with interstitial monitoring;
- with spill protection of 15 gallons or greater;
- with electronic line leak detectors (instead of mechanical leak detectors);
- that have third-party managed enhanced leak detection systems.

Please contact us if you have any questions concerning these premium discounts.

Maintaining reasonable regulations requires constant communication with Iowa's legislature and executive branch leaders. We work closely with PMCI to ensure that environmental regulations are fair, consistent and not an unreasonable burden on the industry. We face an ongoing battle against groups that use an environmental protection agenda to attempt to further regulate and control your business. Some of the regulatory burdens that negatively impact your insurance rates include requests for corrective action that exceed RBCA requirements, site checks at facilities with relatively minor leaks discovered at inspections, and requests for Tier 3 assessments including three dimensional models to evaluate public drinking water supply capture zones. A Tier 3 assessment can cost more than \$100,000—just the assessment. Currently, DNR is proposing rules that will require Tier 3 assessments at facilities within ½ mile of a public water supply well. Although the assessments may not result in any additional corrective action, they will greatly increase the total claim cost at many sites. Please support us and your association as we continue to promote reasonable environmental regulations, and work to eliminate unneeded expense. Unfortunately, if assessment or corrective action costs increase, your insurance rates will also increase.

Please visit our web site at www.pmmicinsurance.com for new or updated information on our insurance products. Also, please note that PMMIC has moved offices and is now located at 2894 – 106th Street, PO Box 7628, Urbandale, Iowa 50323. We will still be able to be reached at 800-942-1000.