

A summary of the PMMIC Insurance Policy: Tom Norris A.R.M. Vice President PMMIC

NOTE: There are a number of conditions, definitions, exclusions and other areas of your policy with which you should be familiar. This generalized summary is not meant to be a comprehensive guide for, or explanation of, your PMMIC policy or how coverage could or would apply in a given situation. This information does not modify, or impact the terms of coverage pursuant to your policy with PMMIC.

What is covered under the insurance policy with PMMIC?

The PMMIC insurance policy generally covers:

- “corrective action” (assessment and cleanup) **required** by IDNR as a result of a covered “release” of “petroleum” from a listed “underground storage tank” (UST) on the policy;
- “bodily injury” or “property damage” “claims” made against you as a result of a covered “release” of “petroleum” from a listed “underground storage tank” on the policy;
- defense (legal) costs, up to \$250,000, in connection with a lawsuit associated with a third party claim that is brought against a policyholder as a result of a covered “release” of “petroleum” from a listed “underground storage tank” on the policy.

The coverage limit is capped at the policy limits, less the policy deductible, indicated on the declarations (front) page of the policy.

What is *not* covered under the policy?

In general, anything that has to do with repair, replacement, or closure of the “underground storage tank” system. Also, loss of product from the system, loss of income or downtime, bad gas claims from customers, fines and penalties are not covered. Tank system testing is not covered by the policy. Punitive damages, loss of income/loss of use or other consequential damages are not covered under the policy.

Contamination not from a listed UST on the policy or contamination that commenced outside of the policy term is not covered. The policyholder cannot directly benefit or in any way collect from the PMMIC policy. The policyholder is being protected against those who would make a claim against them. It is a liability insurance policy.

Who is insured under the policy with PMMIC?

Generally speaking, the named “insured” is covered. This is usually you as the owner or operator of the business, and any officers or business partners you may have if your company is a partnership, corporation or joint venture. In addition, the employees of the named “insured” are also covered. You and your spouse are covered if the business is a sole proprietorship. Executors of an estate are covered temporarily in case of the death of the named “insured.”

Are there other people that are automatically insured under the policy?

No. Others are not covered unless they are listed on the policy as an “Additional Insured.”

Who else could be covered by the policy?

In general, property owners, tank system owners, tank operators, property or tank system lessees, or anyone else with a financial interest in the property such as a lending institution, can be an insured as an “Additional Insured.” All of these parties potentially have what is referred to as an *Insurable Interest* on the property and could possibly suffer a financial loss if there were a release from “underground storage tank.”

How can another party be listed as an “Additional Insured” on the policy?

The application or renewal application for coverage with PMMIC has an area that asks if there are other parties who have an *Insurable Interest* in the property. Those parties, their address, phone number, and contact person’s name all need to be listed on the application as well as the type of interest they have in the property, (property owner, lender, lessee, etc.) It is also necessary to provide a copy of any documents such as leases, or promissory notes that document the relationship between the “insured” and the party that wishes to be included as an “Additional Insured.”

Can there be more than one “Additional Insured” on a policy?

Yes, as long as the *Insurable Interest* of the parties wishing to be listed can be documented. It is very important that all parties who may have an *Insurable Interest* on the property be identified and listed to protect them under the PMMIC policy.

Is there additional premium to list “Additional Insureds” on the policy?

No.

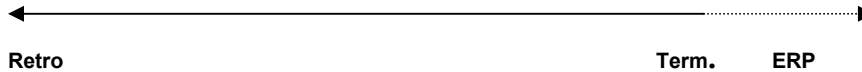
How is the policy different from other insurance policies?

Most insurance policies like Auto or Homeowners that we deal with are referred to as occurrence policies. That means generally it does not matter when a claim is reported, as long as it is a covered loss and occurred during the policy period it is usually covered.

The PMMIC policy is different it is a claims-made policy. This means the “release” must have commenced and the “claim” must be made on or after the policy Retroactive Date (Retro) and prior to the policy termination (non-renewal or cancellation) to be covered. The Retro is usually the first day of the first policy you insured your site with PMMIC if you have kept your insurance continuously with PMMIC. PMMIC has policyholders that have Retro Dates that go back to 1990.

When the policy is terminated, there is an **additional** 180 day Extended Reporting Period (ERP) to report a “claim” to PMMIC, but a “release” still must have commenced prior to the actual policy termination date. The ERP does not extend the coverage period.

The policy period resembles a timeline with the Retro at the beginning (left) of a solid line, the policy termination date at the end (right) of the solid line, and a short dotted line right from the end of the solid line. The dotted line is the ERP. A “release” must have **commenced in the solid line** and be **reported in the solid or dotted line** to be covered.



What else should I know about my PMMIC policy?

Insurance is a contract between the insurance company (PMMIC) and the policyholder. Both parties must comply with the terms and conditions of the contract. The PMMIC policy requires the policyholder report a “release” to PMMIC immediately. Failure to report a “release” may increase the costs of “corrective action” or cause the costs not to be covered.

All costs for “corrective action” must be pre-approved by PMMIC in advance of being incurred. Although environmental consultants routinely copy PMMIC on budget proposals and invoices, PMMIC will reimburse the policyholder directly for covered costs, not the consultants. The policyholder must pay the consultant.

What if I have additional questions?

If you have any questions concerning your PMMIC policy, or a claim, please contact PMMIC at (800) 942-1000 (in Iowa) or (515) 334-3001.