

Revised PMMIC Policy Assignment (Transfer) Process

By Thomas Norris, CPCU, ARM, Vice President of Operations, PMMIC

Historically, PMMIC has allowed our clients to execute an assignment (transfer) of an existing PMMIC policy to a new owner at the time of a property or business transaction. The assignment was accomplished by the execution of a form by both the current policyholder and the party acquiring the property or business. The ability to assign the policy allowed the new policyholder to maintain the historic retroactive date of the PMMIC claims-made policy.

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

As a result of the increased costs and risks undertaken by PMMIC in a policy assignment, we have implemented a revised property transaction process. New policies will no longer automatically pick up the old retroactive date of the previous policy. However, a new policyholder may purchase the existing retroactive date of the current PMMIC policyholder for an equivalent of one year premium of the current policy at the time the assignment takes place. If the new policyholder does not elect to purchase the existing retroactive date of the policy at the time of the change in ownership of the business, PMMIC will underwrite the new policy consistent with our current underwriting procedures and requirements, with a new retroactive date.

A “retroactive date” is the date from which the designated UST system is insured by the policy, in other words a “start” date. Any petroleum release incurred prior to this date would not be covered by your policy. In a claims-made policy, coverage only applies to releases that are discovered on or after the retroactive date and reported before the end of the policy period.

This revised process will be effective **June 1, 2009** for all PMMIC policies. Please contact our office if you have any questions concerning the assignment of a PMMIC policy.