

Wadsworth
6/4/08

Wadsworth, Terry

From: Robert Barker [rbarker@ucpmenvironmental.com]
Sent: Friday, May 23, 2008 4:58 PM
To: Wadsworth, Terry
Subject: RE: Storage Tank Insurance
Attachments: UST2008.pdf; AST2008.pdf; TankSafePolicyForm.pdf; TankSafePolicy(ASTs).pdf; PF14624 Regulatory Compliance Excl.pdf

I've answered your questions below to the best of my ability. My answers are simply for discussion purposes and are not to be considered firm quotes, as all pricing is subject to underwriting. Hope this helps a little bit though! Good luck!
Thanks,
Rob

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From: Wadsworth, Terry [mailto:twadsworth@mt.gov]
Sent: Friday, May 23, 2008 12:06 PM
To: 'rbarker@ucpmenvironmental.com'
Subject: Storage Tank Insurance

Rob,

Thanks for taking the time to speak with me. As we discussed, the Petroleum Tank Release Compensation Board is working on some 2009 legislation and is interested in obtaining insurance information. I have constructed this email to provide a forum for the Board Staff to obtain information regarding availability, premium costs and coverage of Storage Tank Insurance as we discussed in our telephone conversation.

Please fill in the estimated annual premium for the following assuming that the commercial facility has 10,000gal. tanks and no known contamination:

Tank Age	Tank Type	# of Tanks	Deductible	Coverage	Annual Premium / Tank (Estimate)
0-5yrs	Single Wall	3-4	\$5,000	\$100,000	This limit is not available
5-10yrs	"	3-4	\$5,000	\$100,000	
10+ yrs	"	3-4	\$5,000	\$100,000	
0-5yrs	Double Wall	3-4	\$5,000	\$100,000	
5-10yrs	"	3-4	\$5,000	\$100,000	

0+ yrs	“	3-4	\$5,000	\$100,000	
0-5yrs	Double Wall	3-4	\$5,000	\$1,000,000	+/- \$600
5-10yrs	“	3-4	\$5,000	\$1,000,000	+/- \$1,700
10+ yrs	“	3-4	\$5,000	\$1,000,000	+/- \$3,000, increasing quickly with age
0-5yrs	Double Wall	3-4	\$15,000	\$1,000,000	This deductible is not typically available
5-10yrs	“	3-4	\$15,000	\$1,000,000	
10+ yrs	“	3-4	\$15,000	\$1,000,000	
0-5yrs	Double Wall	3-4	\$25,000	\$1,000,000	+/- \$350
5-10yrs	“	3-4	\$25,000	\$1,000,000	+/- \$1,500
10+ yrs	“	3-4	\$25,000	\$1,000,000	+/- \$2,700, increasing quickly with age

If the facility has been operating for a number of years, is there a requirement to have the facility investigated? (Phase I, Phase II, etc) - Some of our carriers require current tank tightness tests on all tanks, but the primary market we would likely try does not. Still, it can't hurt to have a current tightness test anyway, since it will be valuable information for the tank owner to know if they have any issues they didn't know about previously.

We talked briefly about facilities which had contamination but HAVE BEEN given a No_Further_Action letter. How might the premiums change for such a facility? It's possible the premium could be impacted slightly, but if a property has had pollution that has been cleaned up and they have an NFA letter and regulatory closure then it shouldn't really impact the pricing much, if at all. I would guess maybe 5% tops.

How might the premiums change if the tanks are Aboveground vs Underground tanks? There isn't a huge price difference (if any) for USTs vs. ASTs, given the small premium size of the policies.

Is it necessary that the tanks at the facility have been inspected and shown to be in compliance with State and Federal requirements? Absolutely. In fact, that is one of the application questions (app attached) asked by every carrier, and if tanks are not in compliance then the applicant would not be eligible for a quote.

Is there insurance to cover future releases at a facility which has an active release investigation or cleanup? Properties with current pollution issues are not eligible for a quote with any markets we work with.

How does the size of the tanks or the volume of throughput change the premium? Very slightly. It is part of the rating factor, but not nearly as important as the age of the tank and the construction type.

Do these policies cover investigation & cleanup? For this question and the next question, I have attached specimen copies of the base policy form for the primary market we would use.

Are there specific release reporting/notification requirements in the policies?

Thanks for your assistance. I look forward to hearing from you.