



PMMIC
INSURANCE

NEWSLETTER

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Sales & Sensibility: Using the Five Senses

Are you appealing to the most important senses of your customer? We often consider hunger or immediate need of a potential customer when deciding what products to carry and where to place the products in our C-stores. However, environmental psychologists have determined that all human senses impact buying decisions. A few changes to your store layout may improve sales by appealing to other senses.

- **Sight.** Sight lines impact buying. Clutter is the bane of sleek designs and expensive displays but it actually encourages customers to purchase more. People believe that too much space in a store means the “limited” merchandise available is too expensive. Well stocked shelves and some clutter increases sales.
- **Sound.** Research has shown that the proper tempo and volume of background music can drive sales. Loud music may appeal to young customers, but it also causes most customers to exit the store quicker. Slower tempo and reduced volume encourages impulse buying.
- **Touch.** The ability to touch or hold items increases sales. The longer a customer holds an item the greater the chance of purchase. Reduced packaging on novelty items so customers can touch and feel the item will increase sales.
- **Taste.** Samples not only introduce customers to new products, but shoppers spend significantly more after receiving free samples—of anything. Share with them and they will share with you.
- **Scent.** Scent is connected to our memory. Good scents evoke happy feelings and more buying. Scents can convey “quality” to your customers. Don’t limit your brand to names, colors and store sets; consider appealing fragrances to drive sales. Be honest, can you resist popcorn when you smell it at the theatre?

Upcoming IOWA A/B Operator Training

To register for the PMMIC approved A/B Operator training course, please contact our office or register online at www.roundsassociates.com.

Date	Time	Location
4/5/17	8:30 a.m.	PMCI Offices
6/7/17	8:30 a.m.	PMCI Offices

This course is free to all individuals affiliated with a registered Iowa facility.

Chairman's Corner

Doing Our Best Together

We have customers that own hundreds of UST facilities, and customers that own just one. For some, petroleum storage is the primary focus of their business, for others petroleum storage is only incidental to their business operations. For all, liability coverage for a petroleum release is critical to survival.

One release can expose a business to millions of dollars of liability. As an insurer, just one large claim from any of our customers can impact our operations and your rates. That is why reducing the frequency of releases and managing the severity of releases are such valuable undertakings. While our coverage addresses the cost of corrective action and provides coverage for third party liabilities, tank owners still face substantial expenses when a release is suspected; system repairs, policy deductibles, loss of income due to down time, and costs that exceed limits of coverage or expenses not covered by your policy. Releases impact all of us.

That is why we have the most robust loss prevention system in the industry and why we encourage all of our customers to do their best to manage their UST systems and to reduce damages resulting from any release. Our inspectors, underwriters, and claims professionals know their business, but it is the tank owner that can have the greatest impact on reducing UST liability costs.

We strive to do our best every day. We seek out potential customers who do the same. Whether you are our largest customer, or our smallest, we will do our best to reduce your risks of loss. We ask you to also do your best. Controlling your risk through best practices and prompt responses will pay dividends over the long term. To assure both your and our success we must both keep doing our best.

Respectfully,

Ron Burmeister

Can you “Spot the Problem?”



The picture to the left is of a product piping submersible pump with *Secondary Containment*. It is designed to capture any spilled or leaked petroleum from your storage tank system, whether it is from the tank or piping. Containment can be located around the tank or at various locations within the piping system, such as tank-top, transition, and under dispenser. In order to benefit from secondary containment, it must be maintained.

Answer to “Spot the Problem” is on page 3.

UST Release Reports

The USEPA provides updates on the number of USTs, number of new releases and the number of completed cleanups at release sites, twice annually.

Year	Regulated Tanks	Reported Releases	Release Rate	Completed cleanups
FY 2016	560,872	5,582	0.00995	8,977
FY 2015	565,956	6,830	0.01207	9,869
FY 2014	570,731	6,847	0.01200	10,393
FY 2013	577,981	6,128	0.01060	11,582
FY 2012	583,508	5,674	0.00972	10,927
FY 2011	590,104	5,998	0.01016	11,169

Financial Risks of Operating a UST Facility

In 2016, the USEPA reported 5,582 releases from a population of 560,872 USTs. Approximately 1% of all regulated USTs had a confirmed release. The cost associated with any release will vary based upon the regulatory requirements for assessment and corrective action, the quantity of product released, the cost associated with environmental services in any particular community, and the impact to third parties. On average in the US, a release will cost approximately \$157,000, with actual costs ranging from a low of \$25,000 to a high that can exceed \$5 million. For a release from a tank system for which insurance coverage is available, deductibles can range from \$5,000 to \$500,000 depending on the policy.

Assuming the average cost of \$157,000 per release, and a release rate of 1%, across the US, tank owners will experience approximately \$880 million in reported UST release liabilities every year or approximately \$1,570 of release liabilities per tank every year.

PMMIC Promotion & New Hire

PMMIC and R&A Risk Professionals are excited to announce the promotion of former Administrative Assistant, Shelby Curtis (left). Ms. Curtis has accepted the new position of Communications Coordinator. This position is brand new to PMMIC and R&A Risk Professionals.

Ms. Curtis will be responsible for developing and implementing the communication strategies and



materials needed to interact with our clients, vendors, and potential clients. Ms. Curtis has been with PMMIC and R&A Risk Professionals since April 2014.

We are also excited to announce that the vacant Administrative Assistant position has been filled by Anne Fitch (right). The Administrative Assistant position is responsible for performing the day-to-day office tasks. Ms. Fitch comes with a strong background in the insurance industry working in the property/casualty field as well as experience working in the underground storage tank industry. Ms. Fitch began working at PMMIC and R&A Risk Professionals in February of this year.

“Spot the Problem” Answer: There are three obvious concerns in this picture. (1) The liquid sensor has been moved from the bottom of the sump to the top of the submersible pump. It must remain positioned vertically at the bottom of the sump to detect any accumulation of liquid. (2) The sump is over half full of liquid so monitoring of the components within the sump is unmanageable. (3) The electrical wiring for the liquid sensor is not in a sealed pack and wire nuts are exposed to sump conditions.



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Recent UST Enforcement Actions

Michigan. In October of 2016, the Michigan Department of Environmental Quality (MDEQ) entered into a consent agreement with Knight Enterprises, Inc., for failing to report a suspected release, failure to upgrade the report to a confirmed release and failure to report the discovery of free product within 24 hours of discovery at a facility in Dearborn Heights in 2007. MDEQ originally assessed penalties of over \$278,000. The consent requires Knight to pay \$100,000 and must submit cleanup plans for other leaking UST sites in Michigan.

Tennessee. The Tennessee Department of Environment and Conservation assessed a \$3,200 penalty against Fed Ex Ground for failing to obtain permission before permanently closing a UST located in Nashville. FedEx had submitted an application for permanent closure to begin on January 8, 2015, but instead removed the tank on January 6, 2015.

California. In November 2016, the state of California settled a complaint filed in 2013 against BP West Coast Products LLC, BP Products North America, Inc., and Atlantic Richfield Company for \$14 million for allegedly violating state laws relating to the inspection and maintenance of USTs at 780 facilities across the state. \$8,945,000 of the settlement is a civil penalty with the remainder covering attorney's fees and environmental projects. In the agreement, BP denies the allegations. The California Department of Justice also reached a similar settlement with Phillips 66 one year earlier in the amount of \$11.5 million over similar allegations relating to 560 facilities in California.

Pennsylvania. In October of 2016, the Pennsylvania department of Transportation agreed to pay a \$26,066 penalty to the USEPA for allegedly failing to maintain monitoring records for diesel USTs at facilities in Brownsville and Franklin. The USEPA noted that the violations did not result in a release of fuel from the tanks.