PMMIC INSURANCE NEWSLETTER

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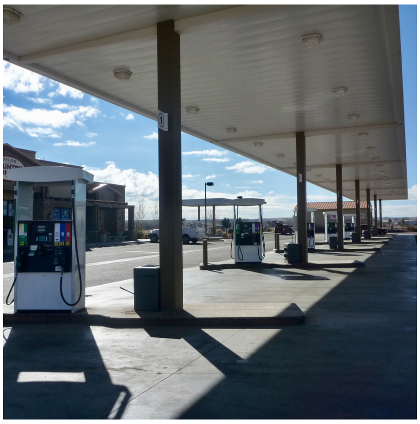
Board of Directors

USEPA RELEASES MEMO ON UST INSURANCE POLICY CONCERNS

On August 9, 2018, the USEPA issued a Memo outlining concerns with certain provisions that some insurance carriers have included in their insuring contracts. The provisions include voluntary exclusions and self-insured retentions (SIR) which may cause a tank owner to be out of compliance with the federally mandated financial responsibility (FR) requirements. Some insurance policy provisions exclude coverage for corrective action if an owner voluntarily closes a UST or conducts soil and groundwater testing. Some SIR provisions require the owner to pay a SIR before the policy will provide coverage for newly discovered releases. The exclusions and the SIR provisions are not in compliance with USEPA requirements. All owners must have coverage for releases irrespective of how the release is discovered. All insurance coverage for new releases must provide first dollar coverage if the owner is unable to pay their deductible.



What is SIR?

SIR or self-insured retention is the dollar amount an insured must pay before the insurance policy will begin providing coverage. The amount of the SIR is not covered under the policy; it applies before the policy takes effect or pays. A SIR is a legitimate means for a business owner to share risk with an insurance provider. However, federal UST regulations require that UST owners or operators must be able to document the ability to pay up to $1 million for corrective action and third-party liability associated with a release of petroleum from a regulated UST system (Financial Responsibilty). Because the owner is ultimately responsible for the SIR amount, the SIR amount must be supported by another of the FR methods allowed to provide adequate financial responsibility. Those include self-insurance, letter of credit, bond and similar methods. Therefore, insurance policies with a SIR for a release that may occur in the future are not in compliance with the FR requirements unless the SIR is covered by another approved FR method.

What is the difference between a SIR and a deductible?

A SIR or self-insured retention is the dollar amount an insured must pay before the insurance policy will begin providing coverage. The amount of the SIR is not covered under the policy. A deductible is also an amount the insured is obligated to pay, but the insurance coverage is applicable for the full amount regardless if the insured pays their deductible.

All policies written by PMMIC satisfy both state and federal laws in every jurisdiction in which we do business. If you have any questions about our insurance coverage, please contact us at 515-334-3001.

CHAIRMAN'S CORNER

Learn something new each day.

Late summer is back to school time. Buses can be seen taking students to and from school each day. There is something new to learn every day, not only for the students, but for all of us.

The new USEPA regulations that begin impacting UST owners this fall are designed to address risks identified nearly 15 years ago. PMMIC has been addressing these risks since before the USEPA identified them as risks. One example is overfills. Overfills are not a significant risk for our insureds because our proactive loss control inspections identified potential overfill risks and we shared that knowledge with our insureds. Over the past 10 years, overfills account for less than 3% of our covered releases.

We continue to conduct the most proactive, annual loss control inspections in the industry. We use the data obtained from these inspections to develop mitigation plans for the risks we discover. Our insureds are made aware of risks and we are prepared when losses occur. Our insureds have fewer large claims and we can offer better rates. We all continue to benefit from the knowledge we gain from inspections.

We will keep inspecting, learning and reacting. We will continue to put our knowledge to use. We look forward to sharing our knowledge with our customers to help you maintain state-of-the-art, environmentally protective operating practices.

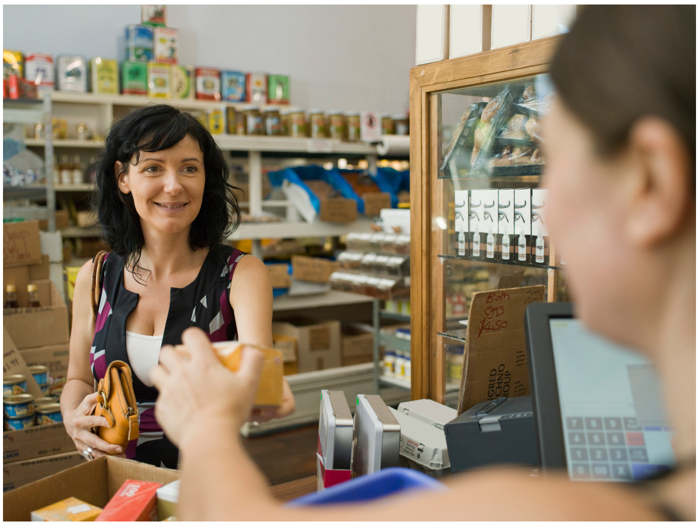
We anticipate learning something new tomorrow and we look forward to sharing that knowledge with you.

Respectfully,

Ron Burmeister, Chairman

BUSINESS BASICS

Recent studies indicate that convenience store consumers stop at a convenience store twice every week. Keeping your customer's loyalty is crucial to your business success. What can you do to keep your customer coming back? Studies indicate that consumers want a positive customer experience.



What is a positive customer experience? 80% of American consumers indicate that speed, convenience and friendly service are the most important elements of a positive customer experience. Excellent customer service starts with superior employee interaction.

Studies have shown that in the US, nearly 60% of customers will stop interacting with a business after several bad experiences while 18% will leave after one bad experience. Nearly one-fifth of the customers who interact with a single problem employee may never come back. The loss of one customer can be the loss of 100 sales annually.

If you want consumers to remain loyal to your business, start with great customer service. That includes great employees providing service. Hire right, train right and promote right. Secondly, only use technology that works. More than three-fourths of consumers would rather interact with a real person than interact through technology. Malfunctioning technology results in a bad customer experience.

Getting back to basics includes attracting great employees and providing great customer service. Studies indicate customers are willing to pay a premium for great customer service. Nearly 60% of consumers feel businesses have lost touch with the human element of customer experience. Get back to basics: Speed, convenience and friendly customer service.

NEW USEPA REGULATIONS DEADLINE

In July, the USEPA denied requests by numerous US Senators and Congressional members to extend the deadline for the new UST regulations. The new regulations add several new testing and inspection criteria that all tank owners must address. Iowa and 39 other states have state program approval (SPA) to regulate UST systems, which means that the new requirements will not be effective until October 2021. In eleven non-SPA states, Indian country and five US territories the requirements become effective October 13, 2018. The regulations are effective this year in Arizona, California, Florida, Illinois, Kentucky, Michigan, New Jersey, New York, Ohio, Wisconsin, and Wyoming. In each of these states, owners must complete spill containment and sump testing, leak detection inspections, overfill device inspections, 30-day walk-through inspections and annual inspections by October 13, 2018.

ANNUAL MEETING OF SHAREHOLDERS

The Annual meeting of PMMIC's Shareholders was held April 11, 2018, at PMCI headquarters in Urbandale, Iowa. PMMIC has been an associate member of PMCI for many years. We are fortunate to make use of the association's meeting space several times throughout each year for meetings and training sessions.

At the meeting, the shareholders elected Randy Meyer, MJ Dolan, and Robert Renkes to three year terms on the board of directors. Mr. Meyer is Director of Procurement for Kum & Go L.C. He has over 40 years of experience in the petroleum marketing industry. He has been on the PMMIC board since 2012. MJ Dolan serves as the Executive Director of the Iowa Association of Community College Trustees in Des Moines, IA. Ms. Dolan has managed and overseen multiple risk management programs. She has been on the PMMIC board since 2000. Robert Renkes currently serves as Executive Director for the Fiberglass Tank & Pipe Institute in Tulsa, OK. Mr. Renkes has over 40 years of experience in the petroleum marketing industry, including many years as the executive vice president and general counsel for the Petroleum Equipment Institute (PEI). This is Mr. Renkes' first term as a PMMIC director.

Immediately following the annual meeting of shareholders, the board of directors met and elected the following officers for the company:

Ronald Burmeister, Chairman of the Board
Randy Meyer, Vice Chairman
MJ Dolan, Secretary
Jerry Woods, Treasurer

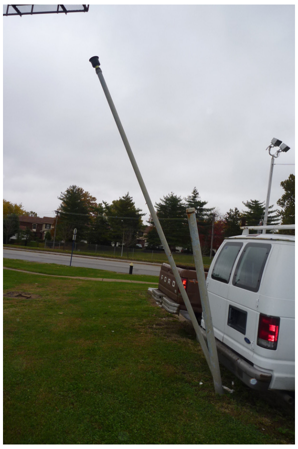
Patrick Rounds, President & CEO
Thomas Norris, Vice President
Brian Wiegert, Vice President

SPOT THE PROBLEM

The picture to the right was taken of a storage tank vent riser during a compliance inspection. Tank venting is extremely important and required on all underground storage tanks. They are strictly regulated under various petroleum and fire codes. Tank venting is needed to prevent the tanks from being damaged by excessive pressure or vacuum.

Can you spot the problem in this picture?

Answer: The problem in this picture is the damage done by the van that has backed into the vent riser and support poles while parking. This facility has not installed adequate protection for the vent riser. This setup is not all that uncommon and many facilities have the vent risers installed just off to the side of the driveway and parking areas. Adequate protection should be installed to prevent any damage to the risers and the underground piping that runs between the tanks and vent risers. Damage to these components can lead to many venting issues, as well as water getting into the tanks.



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