

PETROLEUM MARKETERS MANAGEMENT INSURANCE COMPANY
2894 106th St., Ste. 220, PO Box 7628, Urbandale, Iowa 50323
Ph: 800/942-1000, 515/334-3001 Fax: 515/334-3013



December 8, 2015

Mr. Alan Bakeberg
Director of Engineering
South Dakota Petroleum Release Compensation Fund
Department of Environment and Natural Resources
523 East Capital
Pierre, SD 57501-3182

RE: Annual Meeting: Integration of Private Insurance as Primary or Secondary Risktaker

Dear Mr. Bakeberg,

Thank you for the opportunity to provide input to the PRCF on the availability and affordability of private insurance coverage for petroleum storage tanks.

Petroleum Marketers Management Insurance Company (PMMIC) provides pollution liability and third party liability coverage to owners of petroleum storage tank facilities located in states throughout the US. With headquarters in Iowa, PMMIC is a stock insurance company owned by petroleum marketers. We offer coverage for UST sites and AST sites including regulated and non-regulated petroleum tanks. Our coverage satisfies the federal financial responsibility requirements for USTs while integrating insurance with operator training and annual loss control inspections. We are interested in the South Dakota market.

Based upon our analysis of your tank population, competitively priced coverage is readily available in the private market for all of South Dakota's active petroleum storage tank systems, including both regulated and non-regulated tanks, using the same eligibility criteria established by the PRCF. This coverage is available for tank systems of all ages. Our underwriting criteria are no more stringent than PRCF eligibility criteria.

We would appreciate the opportunity to discuss key issues that should be addressed as you endeavor to integrate the private insurance market with your state program. As the successor of the Iowa UST insurance fund, we understand what is necessary to integrate private insurance as a risk taker while protecting the interests of the tank owners and the citizens of the state. With proper planning, a structured integration would ensure that PRCF liabilities are adequately addressed and capped, while tank owners will be prepared for and readily assimilated in to a private insurance market. The integration of private insurance will not require mandatory soil and groundwater testing and existing liabilities can be capped and transferred to the private market.

If you decide to consider options to integrate private insurance as a risktaker, we are prepared to provide a detailed proposal that will outline how private insurance can be successfully integrated into the South Dakota petroleum storage industry.

If you have any questions, or would like additional information on our insurance products, please contact us.

Sincerely,



Patrick Rounds
President

Board of Directors

Ron Burmeister, Chairman; M.J. Dolan; Randy Meyer; Randy Woodard; Eli Wirtz; Jerry Woods; Jeff Yurgae

**South Dakota
Petroleum Release Compensation Fund
Third Quarter 2015 Fund Statistics**

PRCF
523 E Capitol Ave
Pierre SD 57501
(605) 773-3769
www.sd.gov/prcf

Amount Paid Since Fund Began (4599 sites)	\$87.5 million
PRCF Balance	\$4,984,348
Amount of Tank Inspection Fee Distributed to PRCF last quarter	\$507,537
Claims Processed During Quarter (56 pay requests)	\$191,601
Avg. Days in Office for Claims Processed in Past Quarter	6 Days
<u>Current Involvement - Regular Program (Excluding ATP Sites)</u>	
Active Cases	43 Sites
Active/Monitoring Cases	25 Sites
Pending Cases (spill report not yet filed)	3 Sites
TOTAL	71 Sites
<u>Past Involvement - Regular Program (Excluding ATP Sites)</u>	
Closed-Active Cases	46 Sites
Closed-Inactive Cases (sites closed and all claims settled)	1,473 Sites
Closed-No Pymt Cases (sites reviewed, but closed without PRCF payment)	2,408 Sites
Total Regular Program Payments	\$77.4 million
Average Payment Per Site - Regular Program Only	\$51,217
<u>Abandoned Tank Removal Program</u>	
Total Applications (includes 249 applications that have been withdrawn)	3,377 Sites
Completed Sites (tanks removed)	3,088 Sites
Total Abandoned Tank Program Payments	\$10.1 million
Average Payment Per Site- Abandoned Tank Program	\$3,268
<u>Projected Future Obligations</u>	
Cost Remaining for Sites that have Received at Least One PRCF Payment	\$303,300
Projected Costs for Release Sites Where No Payment Has Yet Been Made	\$2,500,000
Estimated Remaining Costs for Abandoned Tank Removal Program	\$600,000

Breakdown of Payments Made to Date

Type of Facility	No. of Sites Receiving Payments to Date	Cleanup Payments Made to Date
Abandoned Sites (Includes ATP Sites)	3,263	\$17,944,683
Commercial, Co-op	149	\$9,874,208
Commercial, Petroleum	595	\$38,269,278
Commercial, End User	337	\$12,027,353
Farmers	4	\$65,977
Federal Government	9	\$121,519
Local Government	148	\$5,078,728
State Government	79	\$3,792,140
Non-Profit	13	\$284,387
Residential	2	\$21,878
	4,599	\$87,480,151