

PETROLEUM MARKETERS MANAGEMENT INSURANCE COMPANY
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December 6, 2018

Mr. Alan Bakeberg
Director of Engineering
South Dakota Petroleum Release Compensation Fund
Department of Environment and Natural Resources
523 East Capitol
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 as you endeavor to integrate private insurance as a primary or secondary risk taker into the petroleum storage tank pollution liability market.

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. Coverage is available for tank systems of all ages. The existence of an open claim with the PRCF will not impact the availability of coverage.

Over the past 10 years we shared our insight on petroleum storage tank risks with the PRCF. We are confident that we could assist you to design an integrated public/private insurance market that will reduce South Dakota's liabilities and ensure that your petroleum distribution market remains viable and available throughout South Dakota. 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. There would not be any requirement to maintain "dual coverage". 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 outline how private insurance can be successfully integrated as a financial responsibility mechanism for the South Dakota petroleum storage tank 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; Jerry Woods; Jeff Yurgae; Robert Renkes