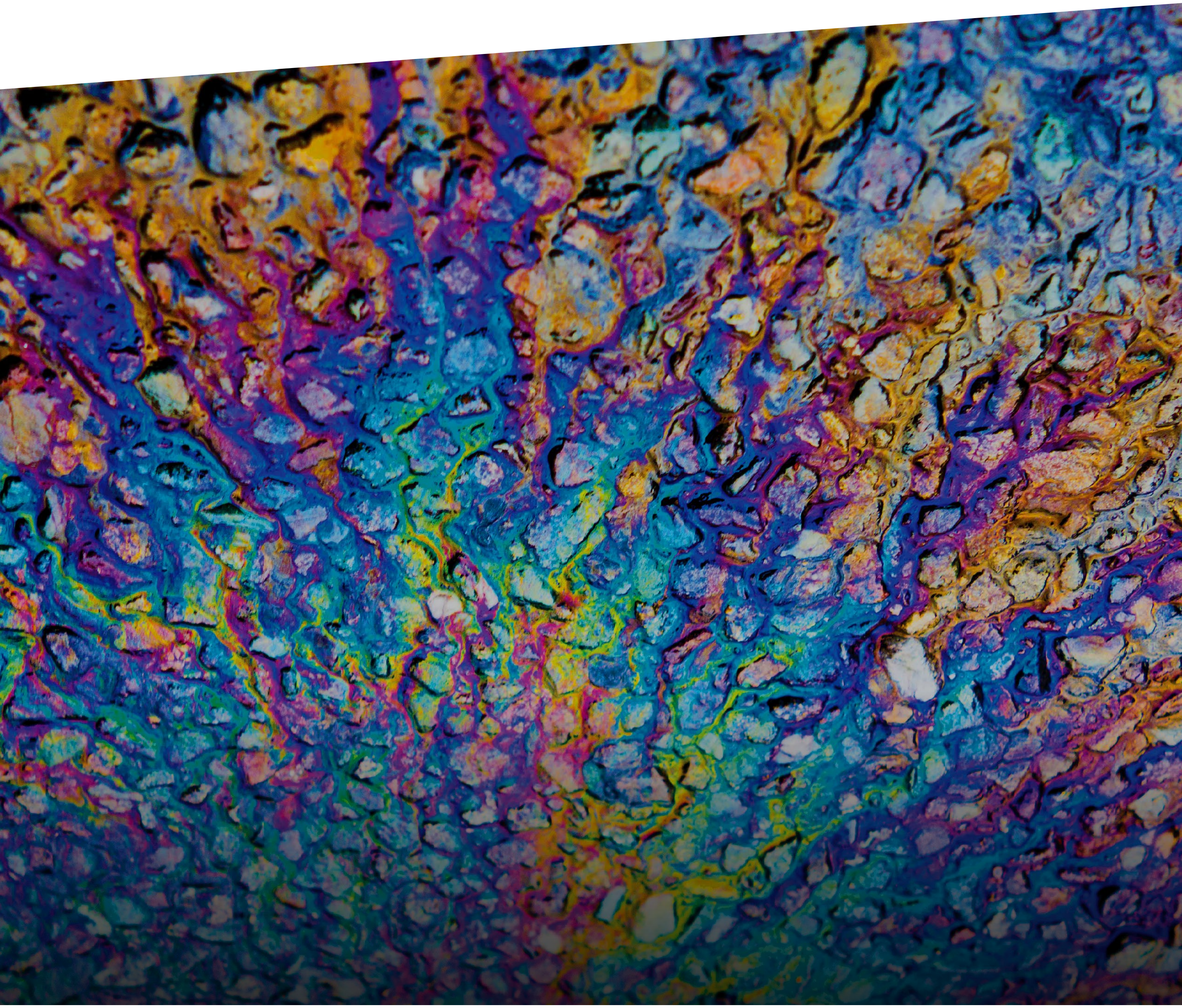
TankOwners Pollution Liability

Agent Underwriting Guide

Effective for New and Renewal Business 10/11/2024



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This **Underwriting Guide** provides details on coverages and underwriting criteria for the *TankOwners Pollution Liability* policy. All designated sites, as described in the policy, should meet the underwriting guidelines included here.

Entities that operate storage tanks for petroleum based products, whether above ground or underground, are eligible for coverage. Coverage includes all connected piping, ancillary equipment and containment systems.

Tank Definitions

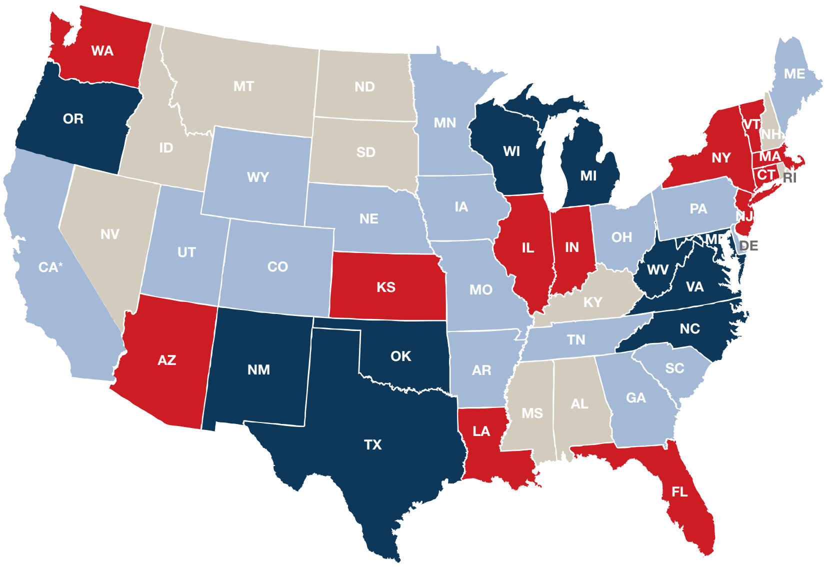
- **Underground storage tank** (UST) – includes those storage tanks in which at least 10% of the tank is below the ground.
- **Aboveground storage tank** (AST)) – includes those storage tanks in which more than 90% of the tank is above the ground.
- **Waste oil tanks** (WOT) – includes those tanks that are used specifically for the storage of waste oil. They can be either AST or UST. These tanks are usually gravity fed and not pressured but must meet technical requirements, current testing, either pressurized tightness testing annually or manual tightness testing (manual tank gauging) to be performed every month.
- **Bulk storage**) – Any container storing oil at a facility. This includes, but is not limited to, tanks, containers, drums, and mobile or portable totes. The shell capacity would be around 50,000 gallons.

Have questions? Want to learn more? Contact us by visiting **mcg-ins.com/contact-us** or scanning the code!

General Underwriting Guidelines

- Territory is limited to the continental United States
- TankOwners Pollution Liability is available in these states:

Admitted paper available	Non-admitted paper available
Maryland	Arkansas
Michigan	California (GAIG)
North Carolina	Colorado
New Mexico	Delaware
Oklahoma	Georgia
Oregon	Iowa
Texas	Maine
Virginia	Minnesota
West Virginia	Missouri
Wisconsin	Nebraska
Active State Funds	Ohio
Alabama	Pennsylvania
District of Columbia	South Carolina
Idaho	Tennessee
Kentucky	Utah
Mississippi	Wyoming
Montana	
Nevada	
New Hampshire	
North Dakota	
Rhode Island	
South Dakota	

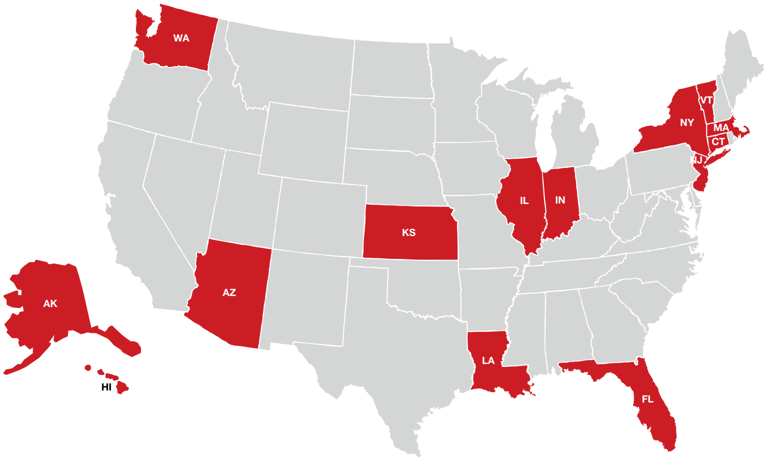


LEGEND

Blue	Admitted paper available
Light Blue	Non-admitted paper available
Red	States in which ineligible exposures exist
Tan	States with active state funds

- Storage tank systems must meet regulatory agency requirements, and confirmation of that may include providing documentation of tightness testing, inspections, surveys, and / or a review of the state agency's database.
- Eligible tanks: 0-44 years old however, for new business risks with tanks aged 31 years and older, the coverage offered will be written on non-admitted paper.
- Applicant must have two (2) years of owning and / or operating UST exposures.
- Retroactive dates are limited to 10 years prior to the effective date of the policy.
- To utilize a retroactive date that is prior to the policy effective date, a copy of the current carrier's declarations page and retroactive date form are required.
- Deductibles and retroactive dates are per location.
- Deductible options are $5,000, $10,000 and $25,000. For higher limits, refer to your Mid-Continent underwriter.
- Prior two (2) consecutive years loss history from insurance carrier(s) is required.
- Liability Limits will not exceed $1,000,000 for each pollution incident and $2,000,000 annual aggregate. However, aggregate limits per site will apply for policies with multiple locations.
- Extended reporting periods of 1, 2, or 3 years are available.
- On new business, coverage will not be back dated without written confirmation of no known losses from the insured. Refer to your underwriter if requesting to back date more than ten (10) days.
- Requests for adding / deleting of sites or tanks, policy changes, cancellations, etc. must be in writing and will be made effective the date stamped or after (as requested). Exceptions may be granted by underwriting for up to ten (10) days with documentation of the reason for the delay. When coverage is being added, written confirmation of no known losses is also required.
- Refer to your underwriter for risks that include locations within 5 miles from a coastline. Testing documentation / requirements may vary.
- Retroactive dates are limited to inception for locations with open/active Leaking Petroleum Storage Tanks.

Ineligible Exposures



- Any risk in these states:
  - Alaska
  - Arizona
  - Connecticut
  - Florida
  - Hawaii
  - Illinois
  - Indiana
  - Kansas
  - Louisiana
  - Massachusetts
  - New Jersey
  - New York
  - Vermont
  - Washington
- Fiberglass tanks containing E85
- Permanently abandoned or out of use / service tanks
  - *Permanently abandoned* – a tank that has been left as is, may contain product or may not, it is no longer maintained or monitored by the owner / operator.
  - *Temporarily out of use (TOU)* – temporary is defined as a period of up to 12 months, tank may have product remaining in it and if so, monitoring for leaks by performing release detection must be done. If tanks are empty, release detection is not required. If a tank becomes TOU during a policy period, coverage for said tank will remain in place until the next renewal; at which time it will be removed from coverage or it must be placed back into use. Refer to Company.
  - *Permanently out of use (POU)* – a tank that has been out of use for 12 months or longer, no longer contains product, and has been filled, on-site with an inert product.
- Any tank not in technical compliance with EPA or state regulations
- Any tank not registered with the state
- Any tank that has not be previously insured, unless it is newly installed tank(s)
- Any risk with Skid tank(s) – tank(s) located on a skid or some type of platform that could be moveable from place to place and usually have no permanently attached piping
- Any risk where the applicant is neither the owner nor the operator of the site
- Any tank 45 years or older
- Any tank used for bulk storage
- Any risk involved in dry cleaning operations

Please note:

An ineligible tank does not make the entire account ineligible. *The ineligible tank will not be listed in the "Schedule of Designated Sites". If a tank is ineligible for coverage, the applicant/insured must be referred to the company for approval.*

Rates and Premiums

Rates will be determined in accordance with the filed rating plan in admitted states and with the rating plan in non-admitted states.

Updates/Upgrades to Older Tanks

Types of tank updates

- Lining
  - Epoxy coating
  - Fiberglass coating
- Stand-well system
- Stand-alone system
- Co-Structural Upgrade system
- Self-Structural System

Epoxy Linings

Epoxy linings have been used since the 1960s. This is the most cost effective method of lining a tank to extend its life. Epoxy, an oil-based product, works in both steel and fiberglass tanks. The epoxy is made by major paint manufacturers such as Axel Global, Pittsburg Paints, Sherwin Williams, etc. In order to use these products, installers must be certified by the manufacturers.

Epoxy linings are relatively inexpensive to install, usually less than $50,000, and take 3-5 days to complete. Once a tank is epoxy lined, it will be completely sealed and should not fail. Epoxy is resistant to 100% Ethanol and Methanol. Epoxy linings have a standard 1-year warranty, but a 5-year and 10-year warranty can be purchased.

Once a tank is lined, it must be inspected at 10 years, and then every 5 years after. All lining jobs and inspections should have full reports, that include the tank strength, etc.

Steel Tanks

There are two main issues that cause loss in steel tanks. 1) If water gets into a steel tank, it sinks to the bottom of the tank and begins to corrode/rust the tank. 2) If the tankowner only takes small loads of gas into a larger capacity tank, condensation/corrosion can occur.

Fiberglass Tanks

Fiberglass will not corrode, but ethanol and methanol eat away at the gel coating in the fiberglass which causes tank weakness.

Updates/Upgrades to Older Tanks

Background on Underwriting Laboratories (UL) Requirements

In the early 2000's, double wall retrofit was the product that many tank companies used. However, there were no UL standards for the upgrades. Stand-alone systems (a retro-fit that creates a double wall tank) meet the UL 1316 requirement. This generated a stir in the industry and a new, stronger standard was desired, thus the UL 1856 was created.

UL ratings

- UL 1316 (1996 standard) – this standard is monitored
- UL 1856 (2017 standard) – this standard meets the new fuel requirements, which means the tank must retain 75% of strength even with new fuels and will not degrade with ethanol and methanol fuels. Only one company that upgrades/updates tanks, Tank Tech, has met this UL requirement.
- The UL 1856 has lining standards and allows for Co-Structural double wall upgrade or Single-Structure double wall upgrade.
- Fiberglass laminate, which is a new lining method does meet the UL 1856 standard.

Co-Structural Upgrade System allows a double wall tank to be built inside the existing tank, provided the original tank has 75-85% thickness remaining. If a tank does not meet the thickness requirement, a single wall upgrade may be able to be used. However, if the host tank is too frail, the only option is to pull the tank. For this type of system a 20-year warranty can be purchased.

For Single Wall Upgrade Systems a 10-year warranty can be purchased.

Self-Structural Upgrade System is a double wall tank product that does not need a host tank to keep its integrity. This type of system offers a 30-year warranty.

Co-Structural and Self-Structural Systems typically range from $100,000-$200,000 to install. Depending on the system it can take from 5-12 days to complete the upgrade. The age of tank premium adjustment can be amended if the tank has been updated or upgraded.

- Updating a tank is when the tank has been lined with epoxy or had the addition of a co-structural or structural system only.
- Upgrading a tank is when the tank has been lined with epoxy or had the addition of a co-structural or structural system AND all the connected piping ancillary equipment, and containment systems have been replaced.
- Depending on the length of warranty purchased and whether an update or full upgrade was completed, a credit of 5-40% may be applied.

Updates/Upgrades to Older Tanks

The “age of tank premium adjustment” can be amended if the tank has been updated or upgraded.

- Updating a tank is when the tank has been lined with epoxy or had the addition of a co-structural or structural system only.
- Upgrading a tank is when the tank has been lined with epoxy or had the addition of a co-structural or structural system ***and*** all the connected piping ancillary equipment, and containment systems have been replaced.
- Depending on the length of warranty purchased and whether an update or full upgrade was completed, a credit may be applied.

Submission Requirements

The following must be submitted to the company any time this credit is applied for or when a policy with this credit is being renewed.

- Documentation / Report from the contractor / inspector detailing all work that was done
- A copy of the warranty
- A copy of the inspection (for a renewal)

Warranties on tank updates / upgrades

- 10, 20, 30 years available

Policy Forms and Endorsements

- Declaration Page
  - Great American Alliance Insurance Company
  - Mid-Continent Casualty Company
  - Mid-Continent Excess & Surplus Insurance Company
- Endorsements
  These are current endorsements that will be used in all states. Similar endorsements / forms may be used as needs change.
  - Certificate for each state
  - Cancellation / Non-renewal form for each state
- Optional Endorsements
  - Additional Insured
  - Individually Scheduled Owner or Lessor
  - Blanket Owner or Lessor
  - Individually Scheduled Petroleum Supplier
  - Blanket Petroleum Supplier
  - Mortgagor
- Other Forms
  - Application form
  - Cancellation and Non-renewal Notice
  - Reinstatement Notice
  - Renewal Questionnaire

State specific endorsements and forms will be used when prescribed by Governmental entities.

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