

The ARMR Toolkit™

Your Environmental Insurance Resource

Proactive v. Reactive Improved Risk Management Tips for USTs



Many agents look for help for their clients on underground storage tanks (USTs) over 30 years old when it is already too late. The client wants you as the agent to shop around because the premium or deductible doubled or tripled. This scenario does not need to happen to you as an agent. Using a knowledgeable, specialized wholesaler will help you avoid this worst-case scenario altogether. You will be able to proactively educate your client securing the relationship and renewal for years to come. Below, you will find five tips on how to be proactive v. reactive when it comes to UST risk management.

1. Carriers will react in a variety of ways when underground storage tanks approach 30-years-old.

Carriers will react in a variety of ways when underground storage tanks approach 30-years-old. They will either non-renew, will not consider/decline, will not match retroactive dates, significantly increase premium or significantly increase the deductible/self-insured retention. Why does the private insurance marketplace react this way? That is because the state's design it this way for everyone's benefit including all neighboring stakeholders. Replacing the tanks before 30 years of age is in everyone's best interest to prevent a release (unfortunately, everyone besides the insured's bank account).



2. Storage tank pollution liability carriers all react a little differently.

When it comes to voluntary replacement, removal or upgrading, it is important to consult your storage tank specialist well in advance before the insured contacts their state representative and tank replacement contractor/consultant.

3. Offering coverages above and beyond storage tank pollution liability only to your clients.

Carriers offer a variety of additional coverages for storage tank owners and operations. Including but not limited to excess state tank fund coverage along with state tank fund deductible coverage, natural resource damages coverage, environmental impairment liability (site pollution) and loading and unloading coverage. In addition, there is a carrier willing to insure the replacement costs of the storage tanks themselves which will be very intriguing to your clients and should be offered.



4. Double wall fiberglass tanks and double wall fiberglass piping should always be the suggested equipment to install to be up-to-date with the newest storage tank technology.

Bare steel is a technology of the past and should no longer be used. Automatic Tank Gauging is a must as all carriers past 20 years of age will require passed ATG printouts to assure the carrier that the tank is not leaking. Cathodic Protection Tests are overtaking the traditional tank tightness tests because Cathodic Protection Tests can determine if corrosion is occurring where the tank and soil meet. Carriers are switching gears to require this test over the tank tightness.

5. A non-compliant (red-tagged) tank that is being removed is excellent for the insured because proof of financial responsibility is no longer required for a tank that does not exist.

For insurance purposes, all carriers cannot insure a tank that is empty because there is no pollution risk associated with an empty tank unless their intent would be to refill at a future date. Although, insurance to prove financial responsibility can only be written if there is product in the tank. To summarize, no product = no risk = no coverage needed. The solution is to have them contact their UST regulator in their state to establish a relationship and be upfront with plans to either remove tanks or the need have product in the tank. Depending on tank age and construction, Insurance can be written for cheap once the product is put back in the tanks and cleared for service by the regulator.

Tank premiums may be small compared to other risks, but differing forms in a non-standard market require assistance such as a specialized environmental insurance broker. The specialized tank department at ARMR.Network can assist your agency on how to be proactive regarding UST risk management. As well as teach you how to prospect future production opportunities. Please reference my next article in the series as there are new 2018 regulations that are very important to be aware of for storage tank owners and operators. I will go in depth on what the EPA is doing to enforce these regulations in my next article.

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