



# COLLIN COUNTY

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Date: April 6, 2015  
To: Cynthia Jacobson, Director of Human Resources  
From: Erica Johnson, Risk Manager   
RE: Underground Storage Tank Renewal

The county's current insurance policy for our underground and above ground storage tanks will expire on May 9, 2015. We received notice in January that our current policy would not be renewed for the tanks located at the Service Center due to the age of two of the tanks (installed in 1988). Our current carrier will not provide insurance on tanks that are older than 25 years. An exception to this rule was made last year but that was not granted again this year. We confirmed with Fleet Manager Jeff Bond that we are required to obtain insurance for these tanks in order to meet regulatory requirements. We solicited quotes for coverage in conjunction with Purchasing and received three for a coverage period of May 9, 2015, to May 9, 2016.

The first quote was submitted by McGriff, Seibels, and Williams, Inc. through our current carrier Commerce and Industry Insurance Company. This quote only offers coverage for the tanks at Farmersville and the Sheriff's Office. They will not cover any tanks (both old and new) at the Service Center. Therefore, accepting this quote would leave us with tanks not covered by the policy.

The second quote we received was from American Risk Management Resources Network, LLC through Freberg Environmental Insurance Company for an Environmental Impairment Liability policy. This is not the same as the current policy we have through McGriff. This type of policy provides coverage for clean-up costs associated with confirmed spills from scheduled tanks at a location whereas our current policy provides coverage for pollution losses that occur at a location on schedule. This policy also does not honor a retroactive date. Switching from our current claims-made policy with a retroactive date of 05/09/1996 to an occurrence policy would leave the county with a large gap in coverage and may require the purchase of tail insurance.

We received a third quote from McGriff, Seibels, and Williams through Liberty Surplus Insurance Corporation. This policy provides the same limits as our current policy and would cover all eight storage tanks. The deductible on this policy is \$25,000. However, a higher deductible of \$100,000 would apply to the two older tanks at the Service Center. This is a claims-made policy and will not require the county to purchase additional tail coverage. Due to the age of the tanks at the Service Center, the cost of this policy is \$21,506.55, a 125.79% increase from last year.

Based on the quotes we received, I recommend we select the quotation provided by McGriff, Seibels, and Williams for coverage through Liberty Surplus Insurance Company for \$21,506.55. This policy will cover all storage tanks and will not leave a gap in coverage. We anticipate the cost of coverage will continue to increase each year due to the age of the tanks or coverage may not be offered in the future.