

FILED JAN 18 1996

SENATE FILE 2057
BY RIFE

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring the consideration of tank lining durability and
2 quality in the calculation of actuarially sound premiums for
3 underground storage tank insurance.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S. F. 2057

1 Section 1. Section 455G.11, subsection 4, paragraph g,
2 unnumbered paragraph 1, Code Supplement 1995, is amended to
3 read as follows:

4 For subsequent time periods, an owner or operator applying
5 for coverage shall pay an annually adjusted insurance premium
6 for coverage by the insurance account. The board may only
7 approve fund coverage through the payment of a premium
8 established on an actuarially sound basis. Risk factors,
9 including but not limited to the age of a tank and the
10 durability and quality of the tank lining, shall be taken into
11 account in establishing premiums. It is the intent of the
12 general assembly that an actuarially sound premium reflect the
13 risk to the insurance account presented by the insured. Risk
14 factor adjustments should reflect the range of risk presented
15 by the variety of tank systems, monitoring systems, and risk
16 management practices in the general insurable tank population.
17 Premium adjustments for risk factors should at minimum take
18 into account lifetime costs of a tank and monitoring system
19 and insurance account premiums for that tank system so as to
20 provide a positive economic incentive to the owner or operator
21 to install the more environmentally safe option so as to
22 reduce the exposure of the insurance account to loss.
23 Actuarially sound is not limited in its meaning to fund
24 premium revenue equaling or exceeding fund expenditures for
25 the general tank population.

26 EXPLANATION

27 This bill requires the consideration of the age of a tank
28 and the durability and quality of underground storage tank
29 linings as risk factors to take into account when establishing
30 actuarially sound premiums for underground storage tank
31 insurance.

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