

**Option #1 (Full Financial Responsibility Mechanism):** We feel this is not a good option because the implementation would be challenging and expensive, not to mention it puts the State in a bad position of being in direct competition with private insurance carriers. The State should not become an “insurance company” for storage tank liability—their role should be to assist the owner/operators.

**Option #2 (Partial Financial Responsibility Mechanism):** For the same reasons stated above in Option #1, we do not feel this is a viable option either. Also, with this option, the owner/operators will still need to procure 3<sup>rd</sup> party coverage in addition to the State coverage.

**Option #3 (Reinsurance Mechanism):** This option would be our second choice. The owner/operators would still be able to work with their current carrier or self-insure and the claims would be handled either by the insurer or the owner/operator if they self-insure. It is also a more affordable option for the State, however, coverage for the older tanks could adversely affect premiums in the future and reinsurance pricing could become difficult.

**Option #4 (Expanded State Lead + Federal Financial Responsibility Standards):** This is our preferred option. It appears to be the least complicated to implement and the most viable to be proactive in correcting/preventing UST leaks. This option provides for future program flexibility and appears to be the best mechanism to eventually be independent on the additional per gallon tax. The State will also have more authority to step in early in the process and help mitigate further liability. Our concern with this option is that the State intends to require owner/operators to list the State as an additional insured in the event of a loss. We feel this may be very difficult to accomplish with commercial carriers. A better option might be that the State pay initially and seek reimbursement from any applicable insurance policy.

**Option #5 (Standardized Policy):** We do not feel this is feasible at all. Most commercial carriers have similar policies, but each typically has specific wording they require in their policy. Trying to get all carriers to agree on exact policy wording will most likely be an insurmountable task.