

Attachment No. 12



May 9, 2023

Insured: Marvin Abraham
Policy #: FO233951

Dear Mr. Abraham,

Your agent Todd Newton has asked that we provide you with an assessment of the likely impact that a CO2 pipeline on your property might have on the insurability of your property with Northwest GF. First off, let me make the disclaimer that our assessments represent our analytical opinions only and are not purported to represent established science or fact. However, like all insurers, we group together homogeneous risks, meaning those having similar characteristics, in order that loss experience can be somewhat accurately predicted and adequate rates set accordingly. When risk characteristics become present that are not typically germane to a line of business, we must attempt to analyze and determine if these additional elements of risk would still be deemed insurable.

From an underwriting perspective, our research would indicate that CO2 pipelines likely present risk attributes that would not be present on other Farmowner accounts that we insure. Information that we have reviewed suggests that CO2 is an odorless, colorless asphyxiant, which can cause injury and death in sufficient concentrations. Additional literature indicated that pressurization on CO2 pipelines can be as high as 2800 psi, which is nearly double the pressurization of natural gas pipelines. Further articles suggested that it is difficult to eliminate moisture entirely from CO2, bringing the light the possibility of carbonic acid buildup (purported to have a ferocious appetite for carbon steel) thus making it possible/more probable that these pipelines may be susceptible to ductal fractures which could lead to the release of enormous amounts of CO2 as well as explosions which could entail the ejecting of large sections of pipe and shrapnel. In summary, an extensive release of CO2 could be reasonably interpreted to entail the risk of injury or death and damage to cropland, and adjacent structures.

Our concerns as an insurer would be that a policyholder could inadvertently damage an existing pipe or could be named in a lawsuit simply via the rupture/leak/explosion of a portion of the pipeline that would traverse under the insured premise. Concerns would be present that payment received for the existence of an easement could potentially make our policyholder a valid party to a lawsuit. Although your Northwest GF Farmowner policy does include pollution exclusions, there would be some ambiguity/uncertainty as to how these might apply in circumstances of injury and death. It is also never a good underwriting practice for insurers to accept risk with known significant non-covered liability exposures.

Additionally, from a first party perspective Northwest GF would likely have no coverage for CO2 damage to your owned and insured property.

We additionally are unaware if you or other policyholders with this exposure would be consulting with an attorney to explore unilateral Broad Form Indemnity Agreements in which the pipeline companies

would agree to indemnify and hold policyholders harmless for any and all damage that might occur to third parties stemming from the operation of the pipeline.

In view of the analysis and uncertainties expressed above, Northwest GF would likely elect to non-renew your policy if at the time of the renewal we were made aware of the introduction of a CO2 pipeline across your property. Until there is more experience and information available for us to analyze regarding how these arrangements are being executed and the degree of insulation protection being afforded to landowners by the pipeline companies, it would be difficult for us to intermix this exposure with other dissimilar farm accounts.

Mr. Abraham, we value your business and appreciate your loyalty to Northwest GF. I do hope you understand the concerns presented to us by this exposure.

Regards,

A handwritten signature in cursive script that reads "Brian Bowker".

Brian Bowker, Pres/CEO
Northwest GF Mutual Insurance Company

LAND RECLAMATION of the Bison Pipeline

TRANSCANADA'S BISON PIPELINE in
Montana 04/12/2011

Pictures: Bob Zellar – Billing Gazette
Lincoln Star Journal

A cattleguard damaged during installation of the Bison high pressure gas pipeline in southeast Montana 04/12/2011



Blowing and blown soil on Robert Rusley's property on the Bison high pressure gas pipeline right of way in southeast Montana. 10/27/2010

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A pipeline sign lies fallen in a trench left after the soil over the Bison pipeline sunk in spring on Robert Rusley's property in southeast Montana 04/12/2011



One sign has fallen while another leans in the soft soil on the Bison high pressure gas pipeline right of way in southeast Montana 04/12/2011



Janelle Reiger walks on a concrete creek crossing damaged during installation of the Bison high pressure gas pipeline in southeast Montana 04/12/2011



Janelle Reiger stand in a trench left after the soil over the Bison pipeline sunk this spring on Wade Klauzer's property in southeast Montana 04/12/2011



Wade Kllauzer stands by a trench left after the soil over the Bison pipeline sunk this spring on his property in southeast Montana 04/12/2011



A pipeline sign lies fallen in a trench left after the soil over the Bison pipeline
sunk this spring on Robert Rusley's property in southeast Montana
04/12/2011



Water erosion on Wade Klauzer's property on the Bison high pressure gas pipeline right of way in southeast Montana 04/12/2011



Janelle Reiger walks by a trench left after the soil over the Bison pipeline sunk this spring in southeast Montana 04/12/2011

