



USI Insurance Services
1 Kone Court
Suite 202
Moline, IL 61265
www.usi.com

8/28/2019

RE: South Dakota Intrastate Pipeline, Inc

To Whom It May Concern:

Per our discussion with Lisa Murphy and William Murphy, AIG non-renewed South Dakota Intrastate Pipeline's insurance because they are no longer insuring energy-related general liability policies. This goes for any and all energy related clients. Of course, this is no fault of SDIP as they have excellent claims experience with AIG. USI has communicated this to Lisa Murphy and William Murphy; knowing that AIG was not renewing your account. This included several conversations over the past few months. On 8/23/2019, Lisa Murphy and Bill Murphy were advised of a substantial increase in premium in order to fully protect SDIP. The final numbers were not given to SDIP until 8/26/2019. USI was still in the process of searching for the best coverage and best premium up until those dates.

USI has many contracts with insurance companies that write insurance for pipeline companies like South Dakota Intrastate Pipeline Company. These include the following companies:

- Hartford – minimum premium of \$150,000 – Provided a quote
 - Provides failure to supply coverage if loss is sudden and accidental
 - Must have all casualty lines (general liability, auto, & work comp) with Hartford in order to bind general liability
 - As shown on the attached Premium Summary, the increase in premium for general liability relates to the coverage of "Failure to supply" and the excess liability increase is similarly related
- Travelers – has a "Failure to supply" exclusion not same version as Hartford. Limits coverage substantially
 - Will not cover failure to supply if the loss is sudden and accidental
- Liberty Mutual – minimum premium of \$150,000 – Would not provide quote due to minimum premium
- Zurich – minimum premium of \$250,000 – Did not pursue quote due to minimum premium
- Several non-admitted markets – has a "Failure to supply" exclusion not same version as Hartford. Limits coverage substantially
 - Will not cover failure to supply if the loss is sudden and accidental


In the past, AIG did not have an exclusion for failure to supply gas on SDIP's general liability policy. This was a great benefit for SDIP as this is their biggest exposure. It is important for SDIP to be covered in all areas to protect themselves and their clients. Unfortunately, the marketplace has changed and we could not find a similar policy. Every policy we researched in the marketplace had an exclusion for "failure to supply gas." Hartford came up with the best exclusion in terms of coverage; it was closest to the policy language that SDIP currently has with AIG. Hartford provides general liability coverage if the loss is sudden and accidental. Therefore, we feel that Hartford is the most comparable to AIG and therefore we are recommending them for SDIP's insurance needs going forward.

Premium Summary

Coverage	Expiring Term 9/1/2018 – 9/1/2019		Renewal Term 9/1/2019 – 9/1/2020	
	Exposure	Premium	Exposure	Premium
Property/Inland Marine/Crime	TIV \$544,000/ Contractors Equipment \$135,000/ Pipeline \$5,000,000/ BI Pipeline \$1,000,000	\$29,366	TIV \$564,000/ Contractors Equipment \$135,000/ Pipeline \$5,000,000/ BI Pipeline \$1,000,000	\$29,572
General Liability/ Employee Benefits Liability	Payroll \$361,469	\$51,979	Payroll \$377,017	\$135,495
Automobile	9 Units	\$8,786	9 Units	\$8,258
Worker's Compensation	Estimated Payroll \$677,822	\$5,427	Estimated Payroll \$705,865	\$10,062
Excess Liability	\$5,000,000 Limit w/ Terrorism	\$38,885	\$5,000,000 Limit w/ Terrorism	\$98,500
Total		\$134,443		\$281,887

It is unfortunate for SDIP to have such a large premium increase when you have had such a successful and longstanding history with AIG. Your experience rating was the best in your class of business. If you have any further questions, please contact us. We look forward to placing your insurance with Hartford Company.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Bracke". The signature is fluid and cursive, with the first name "Tom" and last name "Bracke" clearly distinguishable.

Thomas K. Bracke, CPCU, ARM
President
USI Insurance LLC



USI Insurance Services
1 Kane Court
Suite 202
Moline, IL 61265
www.usi.com

To Whom It May Concern:

USI began in 1994 with a single office of \$6.5 million of revenue and 40 associates. Today, USI is approaching \$2 billion in revenue with more than 7,000 associates in approximately 200 offices across the country. USI has served over 150,000 clients meeting their property & casualty, employee benefit, personal risk and retirement needs nationwide. We have more than 100 years of consulting and brokerage experience through our acquired agencies, with local offices dating back in their communities as far as the late 1800s. USI combines industry leading national capabilities delivered through longstanding, passionate and committed local service teams.

With that being said, USI searched for comparable coverage to what AIG provided SDIP and we recommended Hartford since Hartford's policy had the least restrictive exclusion (an exclusion is a provision within an insurance policy that eliminates coverage for certain acts, property, types of damage or locations) and came the closest to the policy forms that AIG provided. Please keep in mind AIG is no longer offering coverage for any energy related general liability policies. The coverage limits are the same but based on policy forms and exclusions, Hartford was the best option to protect SDIP. Matt Romano, out of Boston, MA, is a national practice leader for USI and he assisted USI Moline in determining Hartford had the best policy forms and exclusions for SDIP.

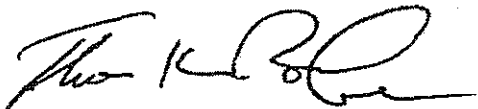
AIG mailed a letter notifying SDIP and USI on non-renewal for the general liability policy on 5/21/2019. At that time, USI Moline discussed the non-renewal with SDIP and advised that we will find another option. Unfortunately, the same coverage that AIG offered no longer exists in the marketplace. After months of searching for comparable coverage and cost, USI notified SDIP of the recommend coverage and higher premiums on 8/26/2019 at 3:44 PM CST.

At the very last minute, USI found a better umbrella option via another broker, RT Specialty out of Chicago, IL. Please refer to attached spreadsheet. USI was notified of the better umbrella pricing and better policy forms/exclusions on 8/30/2019 at 10:50 AM CST after marketing to 26 different carriers. USI will forward the list of all carriers approached upon receipt from RT Specialty. USI then notified SDIP of the better option. If SDIP were to stay with Endurance, the insurance carrier for the 2018-2019 term, SDIP would pay a premium of \$98,500. Gladly, USI found a better option with James River for the 2019-2020 term that does not have a failure to supply exclusion for a total premium of \$80,573.85. Thus, giving SDIP better coverage for a lower cost.

In regard to general liability coverage with Hartford, there are no deductible options to lower premiums.

In 2020, USI plans to venture to the market place again to be sure we do have the best coverage, forms, exclusions, and cost for SDIP. At this point, it is impossible to determine what insurance rates/costs will be in a year as rates are not published by ISO (Insurance Services Office) that far in advance.

Sincerely,



Thomas K. Bracke
President
USI Insurance Services LLC

Carrier	AIG 2018-2019	Hartford 2019-2020	Travelers 2019-2020	Liberty Mutual	Zurich	Non-Admitted Markets
Coverage Type	General Liability	General Liability	General Liability	General Liability	General Liability	General Liability
Failure to Supply Exclusion/Restriction	Did not have "failure to supply exclusion"	Will cover a failure to supply loss if loss is sudden and accidental	Will not cover ANY incident arising from failure to supply - even is loss is sudden and accidental	N/A	N/A	Will not cover ANY incident arising from failure to supply - even is loss is sudden and accidental
Premium	\$51,979	\$135,495	\$53,140	Would not provide quote due to minimum premium of \$150,000	Would not provide quote due to minimum premium of \$250,000	Kinsale - \$30,500 - Only non-admitted company to provide quote
Limit	\$1,000,000/\$2,000,000	\$1,000,000/\$2,000,000	\$1,000,000/\$2,000,000	N/A	N/A	\$1,000,000/\$2,000,000
Carrier	Endurance 2018-2019	James River 2019-2020	Endurance 2019-2020			
Coverage Type	Umbrella	Umbrella	Umbrella			
Failure to Supply Exclusion/Restriction	Will not cover ANY incident arising from failure to supply even is loss is sudden and accidental	Will cover a failure to supply loss if loss is sudden and accidental	Will not cover ANY incident arising from failure to supply - even is loss is sudden and accidental			
Premium	\$38,885 (Premium is driven by underlying coverages)	\$80,573.85 (Premium is driven by underlying coverages)	\$98,500 (Premium is driven by underlying coverages)			
Limit	\$5,000,000	\$5,000,000	\$5,000,000			

2019 - 2020 Premium Summary			
	AIG Expired Premium	08/27/19 Quote	09/01/2019 Coverage Bound
Property/Inland/Marine/Crime	29,366.00	29,572.00	29,572.00
General Liability	51,979.00	135,495.00	135,495.00
Automobile	8,786.00	8,258.00	8,258.00
Worker's Compensation	5,427.00	10,062.00	10,062.00
Excess Liability	38,885.00	98,500.00	80,573.85
Total Premium	134,443.00	281,887.00	263,960.85



USI Insurance Services
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Moline, IL 61265
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September 11, 2019

To Whom It May Concern:

As per my previous email, under AIG all failure to supply instances were covered whether it be sudden and accidental or not sudden and accidental.

There are no deductible options for the James River umbrella policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Bracke".

Thomas K Bracke, CPCU, ARM
President
USI Insurance Services LLC