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Acting Director



Working to support a public-private partnership that improves economic and environmental vitality, opportunity, and excellence.

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2012 Annual Summary Report

Agency Mission

The Pollution Liability Insurance Agency works to improve the economic and environmental health of the state of Washington by providing insurance services to owners and operators of petroleum storage tanks.

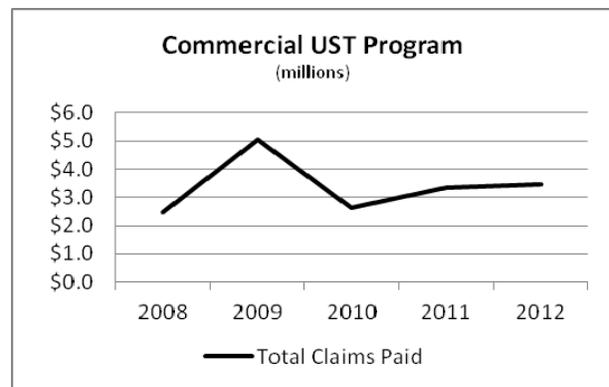
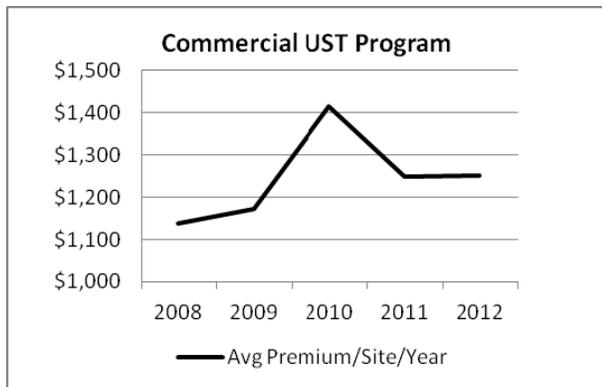
Statistics for Calendar Year 2012:

- Commercial tank owners' average insurance premium was \$1,251.
- PLIA reinsured 2,205 sites (73% of the market) and paid more than \$3.4 million in claims.
- Property owners sent in 1,510 registrations for Heating Oil Pollution Liability Insurance.
- Heating oil users made claims at 400 sites and PLIA paid more than \$4.6 million in claims.

Commercial UST Reinsurance Program

Owners of underground storage tanks are required by state and federal law to prove they can afford to pay up to \$1 million for cleaning up any accidental leaks from their tanks. There are a variety of ways for them to prove their ability to pay. However, for most small businesses and local governments, private pollution liability insurance is the only affordable alternative.

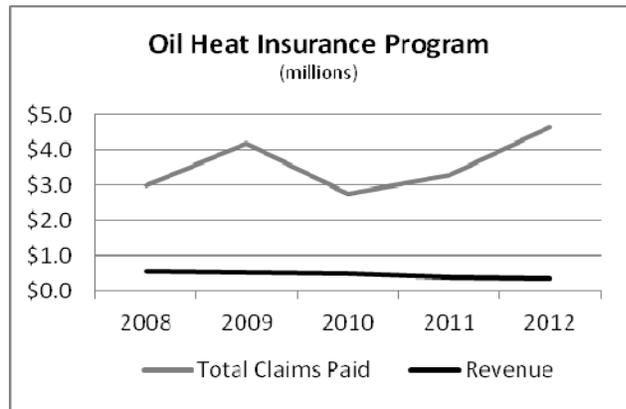
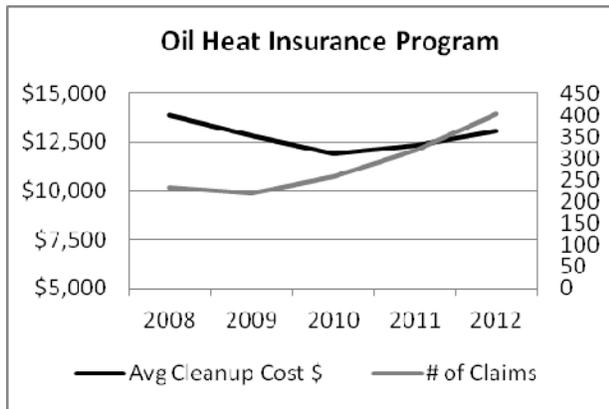
PLIA makes pollution liability insurance available and affordable by *reinsuring* their private insurance policies. PLIA currently reinsures the policies of three private insurance companies. The insurance companies pay the first \$75,000 of a claim, then PLIA funds pay the rest, up to \$1 million. This lets the insurance companies keep premiums low. This state program has paid more than \$30.2 million at 353 PLIA reinsured sites since 1990.



Heating Oil Pollution Liability Insurance Program

Heating oil tanks are not regulated like commercial petroleum tanks. However, if they leak, the contamination is regulated by the state's toxic cleanup law. PLIA has been providing insurance for heating oil tanks since 1996.

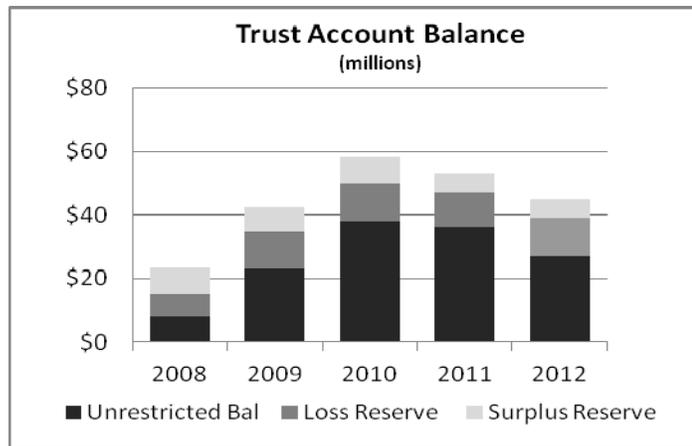
Tank owners register with PLIA to receive up to \$60,000 in free pollution liability coverage. Since the program started, PLIA has processed nearly 3,100 claims and paid \$28.4 million for cleanups at insured heating oil sites. The average cleanup cost has decreased from \$19,000 in 2003 to \$13,035 in 2012.



Financial Assessment

PLIA and its programs are funded from the Pollution Liability Insurance Trust Account and the Heating Oil Pollution Liability Trust Account. PLIA does not receive any State General Fund revenue. Interest from both trust accounts is deposited to the State General Fund. The General Fund has received over \$28 million in interest revenue from these funds since 1992 (\$335,787 in FY12).

The main source of revenue for the Pollution Liability Insurance Trust Account is the Petroleum Products Tax (PPT), an excise tax of 0.3 percent on the wholesale value of petroleum. The PPT is only collected when the unrestricted cash balance in the trust account falls below \$7.5 million. The “unrestricted cash balance” is the balance after required reserves are set aside. The tax has only been collected three times since 1990. It was last collected from July 1, 2009 through March 30, 2010 and generated \$48.1 million with a tax rate of 0.5 percent. The tax rate was reduced in the 2012 legislation to 0.3 percent. The total fund balance as of January 1, 2013 is \$45 million; the unrestricted balance is \$26.9 million.



Revenue for the Heating Oil Pollution Liability Trust Account is generated by a 1.2 cents per gallon fee paid yearly by heating oil dealers. The fee generated \$360,318 in 2012. This revenue covers administrative costs of the program and the insurance premium. Claim costs (cleanup and claim management) are paid out of the Pollution Liability Insurance Trust Account.

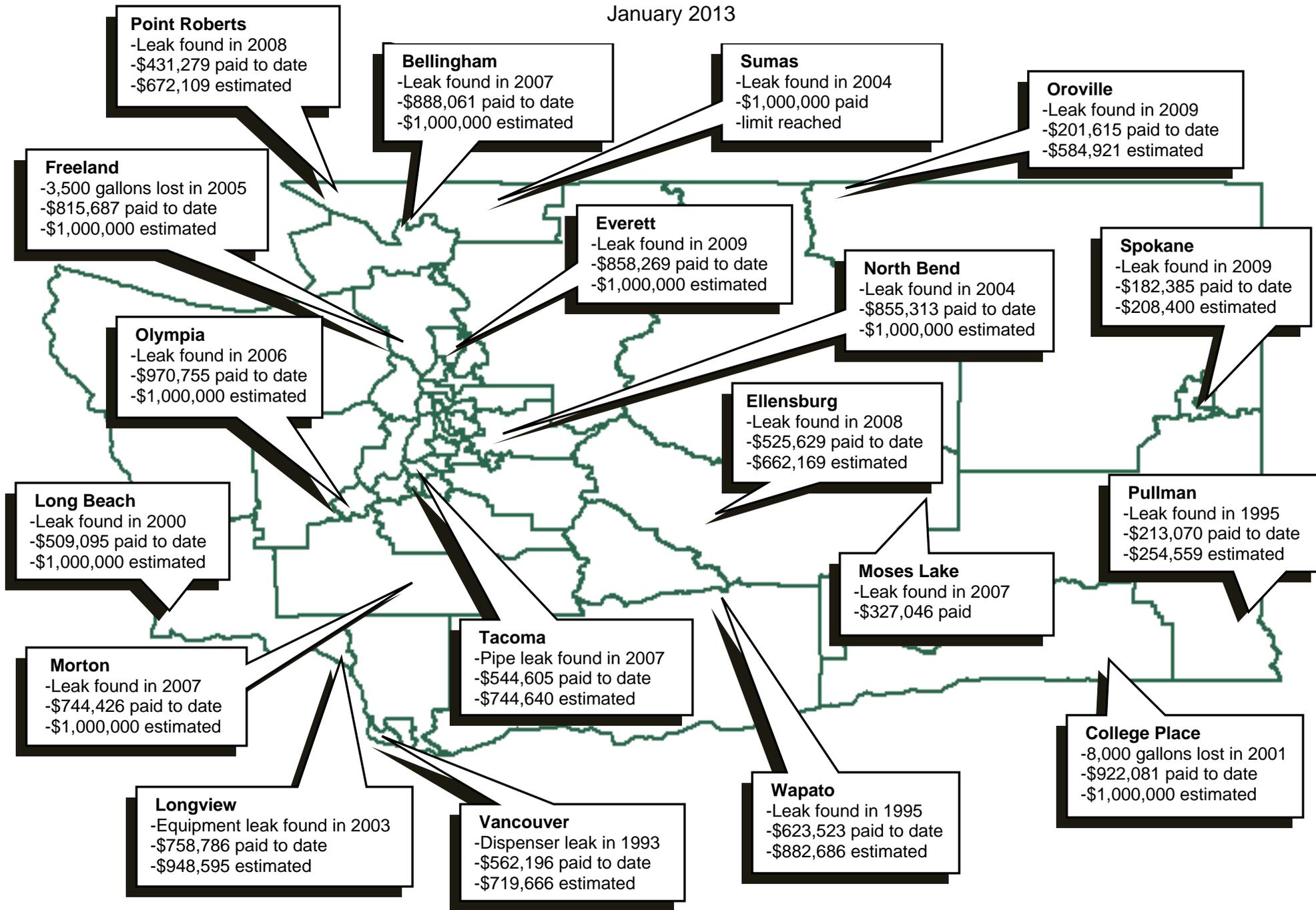
Legislation

The statutory authority for the agency and the Petroleum Products Tax was extended in the 2012 session to July 1, 2020. The legislation, which was considered a tax increase, passed with a vote of 93-1 in the House and 40-0 in the Senate. This required an automatic placement on the November 2012 statewide ballot as a tax advisory measure. The result of the vote for whether to “repeal” or “maintain” the tax was 55% to 45% respectively. This is a non-binding advisory vote only. No legislative action is expected.

WA State Pollution Liability Insurance Agency

Select Commercial UST Claims

January 2013



Estimated costs are the total costs estimated by the insurer.

Legislative district map



Heating Oil Pollution Liability Insurance

County	Tanks Insured	Claims Filed
ADAMS	4	
ASOTIN	2	
BENTON	215	1
CHELAN	36	
CLALLAM	86	1
CLARK	1118	68
COLUMBIA	3	
COWLITZ	264	9
DOUGLAS	2	
FRANKLIN	116	1
GARFIELD	2	
GRANT	3	
GRAYS HARBOR	255	4
ISLAND	392	5
JEFFERSON	286	
KING	37,972	2710
KITSAP	3207	28
KITTITAS	93	
KLICKITAT	21	1
LEWIS	143	1
LINCOLN	3	
MASON	232	1
OKANOGAN	14	
PACIFIC	173	1
PEND OREILLE	1	
PIERCE	2968	39
SAN JUAN	190	1
SKAGIT	383	7
SKAMANIA	4	1
SNOHOMISH	2572	133
SPOKANE	3970	7
STEVENS	17	
THURSTON	1524	72
WAHKIAKUM	55	1
WALLA WALLA	64	
WHATCOM	357	2
WHITMAN	8	
YAKIMA	517	
	57272	3094