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Director



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

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2013 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.

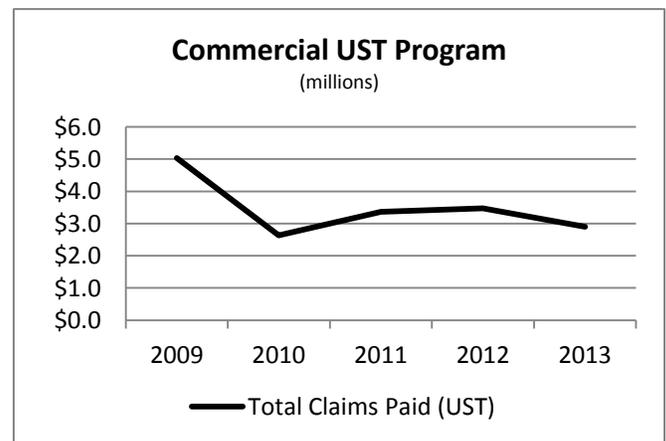
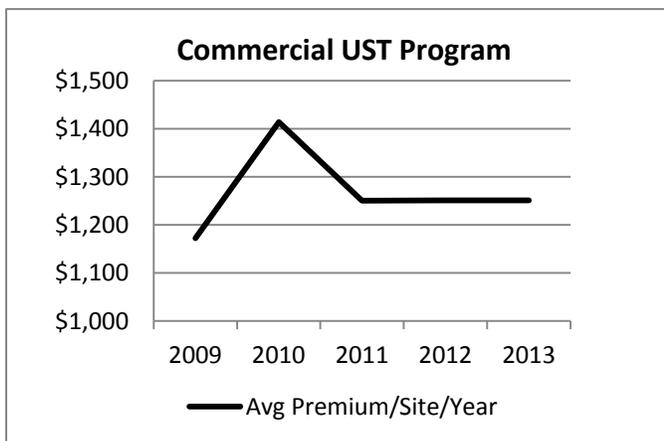
Statistics for Calendar Year 2013:

- Commercial tank owners' average insurance premium was \$1,251.
- PLIA reinsured 2,185 sites (80% of the market) and paid more than \$2.8 million in claims.
- Property owners sent in 1,475 registrations for Heating Oil Pollution Liability Insurance.
- Heating oil users made claims at 351 sites.
- PLIA paid more than \$3.5 million in heating oil 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.

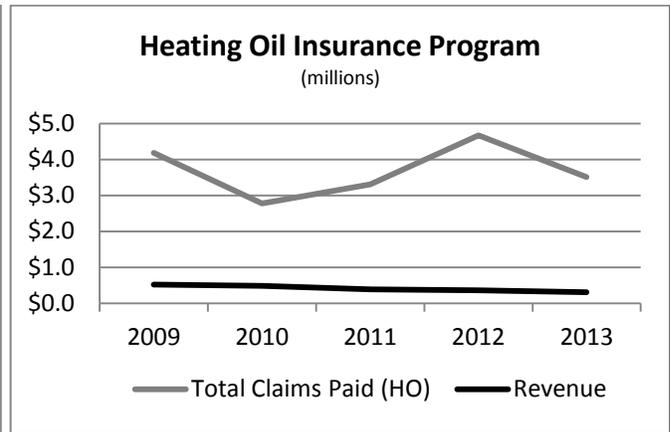
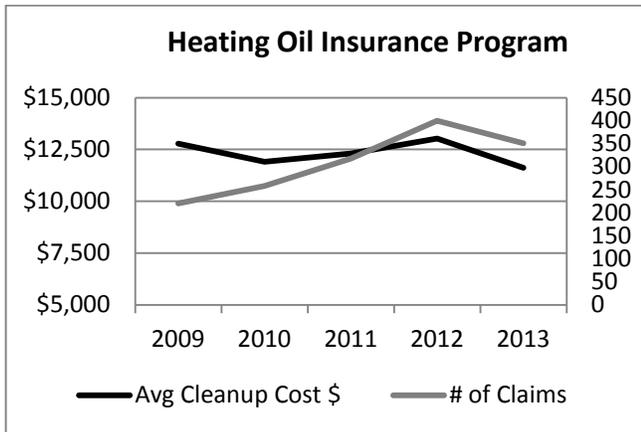
PLIA makes pollution liability insurance available and affordable by *reinsuring* their private insurance policies. PLIA currently reinsures the policies of three private insurance companies. The insurance companies pay the first \$75,000 of a claim, then PLIA funds pay the rest, up to \$1 million. This allows the insurance companies to keep premiums low. This state program has paid more than \$33.1 million at 365 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.

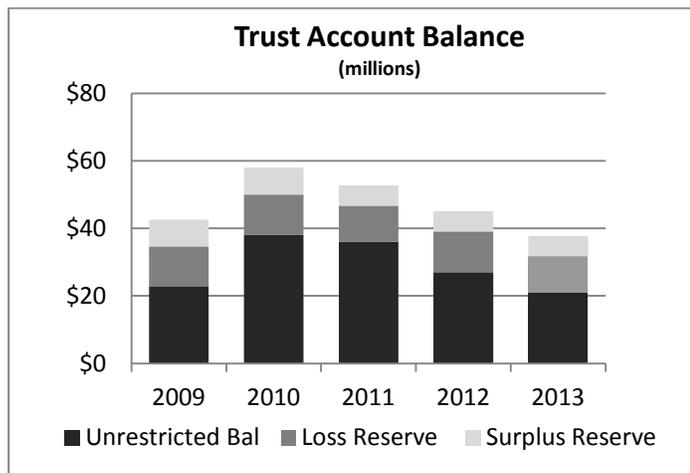
Tank owners register with PLIA to receive up to \$60,000 in free pollution liability coverage. Since the program started, PLIA has processed nearly 3,450 claims and paid \$31.9 million for cleanups at insured heating oil sites. The average cleanup cost has decreased 61 percent from 2003.



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 (\$101,313 in FY13).

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, 2014 is \$37.7 million; the unrestricted balance is \$20.9 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 \$309,605 in 2013. 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.