

Lynn Gooding
Director



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

1015 – 10th Ave SE
PO Box 40930
Olympia, WA 98504-0930
(360) 586-5997
www.plia.wa.gov

2009 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.

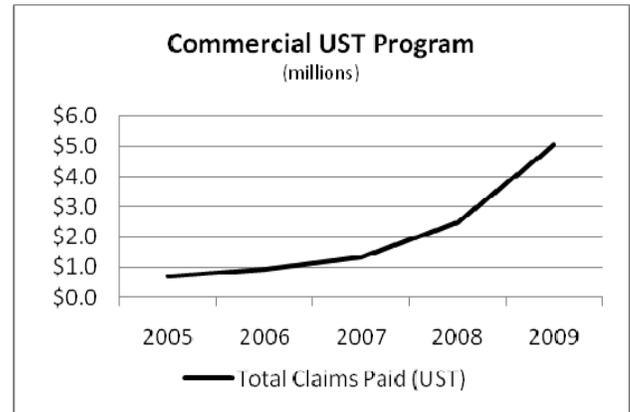
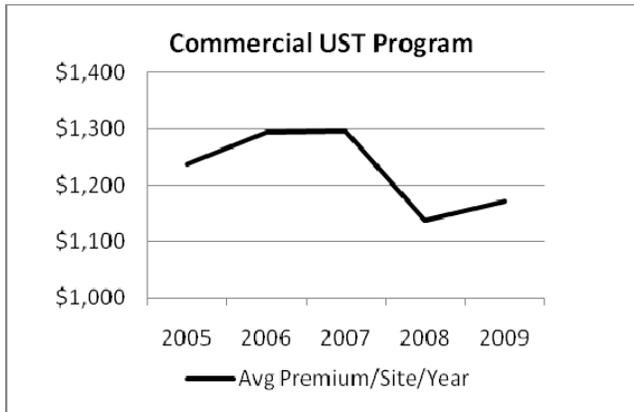
Statistics for Calendar Year 2009:

- UST owners' average annual insurance premium was \$1,172 compared to \$3,100 in 1990.
- PLIA reinsured 2,152 UST sites or 70% of the market and paid over \$5.1 million in UST claims.
- Property owners sent in 1,761 registrations for Heating Oil Pollution Liability Insurance.
- Heating oil users made claims at more than 220 sites and PLIA paid over \$4.0 million in claims.

Commercial UST Reinsurance Program

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

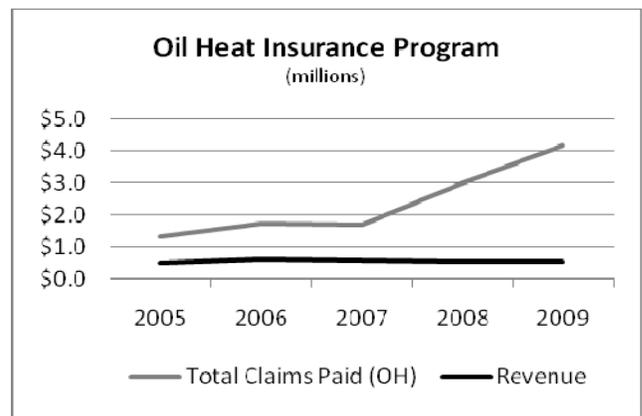
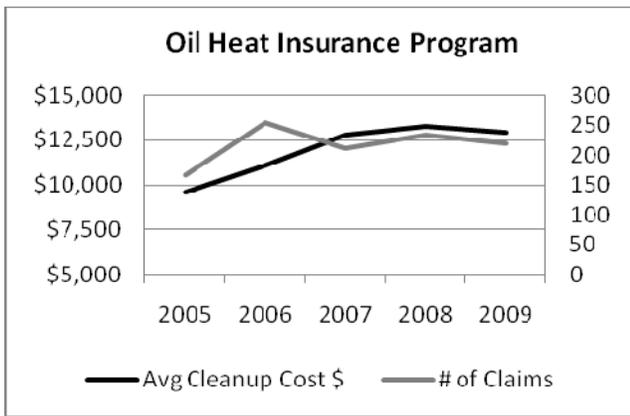
PLIA makes pollution liability insurance available and affordable by *reinsuring* their private insurance policies. PLIA currently reinsures three private insurance companies. The private insurance company pays the first \$75,000, then PLIA funds pay the rest. This lets the insurance companies keep premiums low. This state program has paid more than \$20.8 million at 320 PLIA reinsured sites since 1990.



Oil Heat 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 pollution liability coverage. Some homeowners' insurance companies are now requiring homeowners to have PLIA insurance.

Since the program started, PLIA has processed more than 2,100 claims and paid more than \$17.8 million for cleanups at insured heating oil sites. Revenue to pay for the administration of the program is generated by a fee paid annually by heating oil dealers. The average cleanup cost has decreased from \$19,000 in 2003 to \$12,909 in 2009.



Underground Storage Tank Community Assistance Program

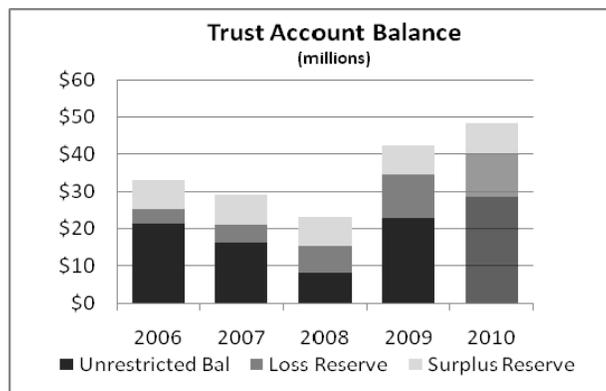
In the early 1990s, PLIA provided grants to 98 remote and rural gas stations and 15 small, local governments to pay for new tanks. Upgrading the tanks made sure that firefighters, school buses, and emergency services continued in these isolated communities. The grants were limited to \$150,000, some of which was spent on cleaning up leaks. Liens were put on the commercial sites to ensure they continued to sell gas for 15 years, a condition of the grant. As of the end of 2009, 71 of the 98 grant sites have met the 15 year requirement and removed liens placed on their property. Fifteen sites stopped operating before the 15 years ended and remain closed. The remaining 12 sites will meet their requirement in 2010.

The legislature approved an additional \$1 million for grants in 2005. This grant period ended in June 2007. PLIA awarded a total of \$619,044 in grants for three sites in Okanogan County and one in Jefferson County. Three of these sites remain in operation. One site filed for bankruptcy and remains closed.

Financial Assessment

PLIA and its programs are funded from the Pollution Liability Insurance Program 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 \$27 million in interest revenue from these funds since 1992.

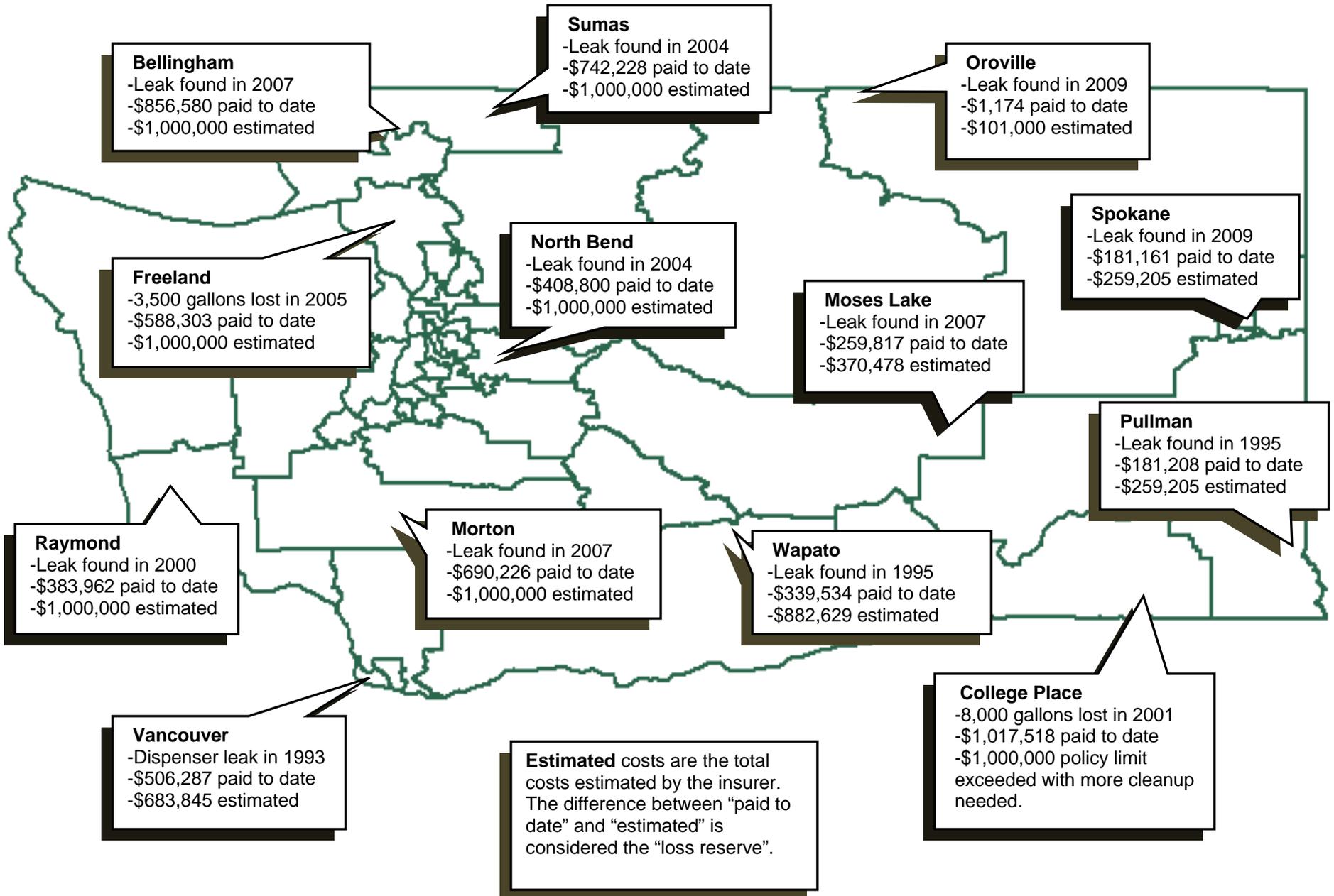
The main source of revenue for the Pollution Liability Trust Account is the Petroleum Products Tax (PPT), an excise tax of 0.5 percent on the wholesale value of petroleum. The PPT is only collected when the unrestricted cash balance in the Trust Account falls below \$7.5 million. The “unrestricted cash balance” is the balance after required reserves are set aside. The tax has only been collected three times since 1990. It has been collected since July 1, 2009 and will remain in effect through March 30, 2010. The total fund balance as of January 1, 2010 is \$42.6 million; the unrestricted balance is \$22.9 million.



*2010 figures are estimates

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 \$521,763 in 2009. This revenue covers the administrative costs of the program, the insurance premium, and a portion of the claim costs. The remaining claim costs are paid out of the Pollution Liability Insurance Program Trust Account.

WA State Pollution Liability Insurance Agency
Select Commercial UST Claims
January 2010





Heating Oil Pollution Liability Insurance

County	Tanks Insured	Claims Filed
ADAMS	4	
ASOTIN	2	
BENTON	216	1
CHELAN	35	
CLALLAM	81	1
CLARK	1,005	56
COLUMBIA	1	
COWLITZ	262	9
DOUGLAS	2	
FRANKLIN	116	1
GARFIELD	2	
GRANT	2	
GRAYS HARBOR	253	2
ISLAND	383	5
JEFFERSON	249	
KING	38,116	1,835
KITSAP	2,953	24
KITTITAS	71	
KLICKITAT	20	
LEWIS	140	1
LINCOLN	3	
MASON	214	1
OKANOGAN	14	
PACIFIC	172	
PEND OREILLE	1	
PIERCE	2,613	31
SAN JUAN	145	1
SKAGIT	387	6
SKAMANIA	5	1
SNOHOMISH	2,552	97
SPOKANE	3,954	5
STEVENS	15	
THURSTON	1,506	55
WAHKIAKUM	54	1
WALLA WALLA	63	
WHATCOM	353	2
WHITMAN	6	
YAKIMA	494	
TOTAL	56,464	2,135