HOUSE BILL REPORT
SHB 2590

As Passed Legislature

Title: An act relating to pollution liability insurance.

Brief Description: Extending the expiration date on certain pollution liability insurance programs.

Sponsors: By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Benson and Hatfield; by request of Pollution Liability Insurance Agency).

Brief History:
  Committee Activity:
    Financial Institutions & Insurance: 1/28/00, 2/1/00 [DPS].
  Floor Activity:
    Passed House: 2/8/00, 97-0.
    Passed Senate: 2/29/00, 46-0.
    Passed Legislature.

Brief Summary of Substitute Bill

· The Pollution Liability Insurance Agency (PLIA) and its programs are extended until June 1, 2007 (currently scheduled to expire July 1, 2001.)

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean; Cairnes; DeBolt; Keiser; Quall; Santos; Sullivan and Talcott.

Staff: Charlie Gavigan (786-7340).

Background:

In 1989, the Legislature created the Pollution Liability Insurance Agency (PLIA) in response to Environmental Protection Agency (EPA) requirements that owners and

operators of petroleum underground storage tanks demonstrate financial responsibility for the cleanup of contamination resulting from spills or releases of petroleum.

The PLIA underground storage tank program provides reinsurance to commercial insurance companies, which in turn provide pollution liability insurance to underground storage tank owners in Washington. This reinsurance program is meant to improve the availability and affordability of pollution liability insurance for owners and operators of underground storage tanks by selling reinsurance at a price significantly below the private market price for similar insurance. The discount is passed to owners and operators of underground storage tanks through reduced insurance premiums and increased availability of insurance.

In 1995, the Legislature directed the PLIA to develop and administer a program that provides pollution liability insurance for heating oil tanks. This program currently provides insurance coverage for the cost of cleanup of contamination resulting from leaks of active heating oil tanks. The program does not provide insurance for abandoned or inactive heating oil tanks. The insurance policy provides coverage of $60,000 per occurrence for each site per year. Generally, the insurance policy covers the owner of the tank for cleanup, property damage, and bodily injury.

In 1997, the Legislature directed the PLIA to implement a program that provides advice and technical assistance to owners and operators of active and abandoned heating oil tanks. This technical assistance program includes a public information program to provide information regarding liability, technical, and environmental requirements associated with heating oil tanks.

All of the PLIA's programs expire on June 1, 2001.

Summary of Bill:

The Pollution Liability Insurance Agency (PLIA) and its programs are extended until June 1, 2007**.**

Appropriation: None.

Fiscal Note: Requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Original Bill) The PLIA continues to be necessary until the private insurance market is able to provide reasonably-priced insurance to cover underground petroleum and heating oil tank pollution risks. There are no products in the private

market. The PLIA's programs keeps gas stations in business, particularly small operations, and limits potentially serious heating oil tank problems that could effect the sale of real property. The agency is well run and is a model nationally.

Testimony Against: None.

Testified: Glenda Thomas, Oil Heat Institute of Washington; Jim Sims, Pollution Liability Insurance Agency; and Tim Hamilton, Independent Petroleum Dealers.