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## Environment & Energy Committee

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### HB 2475

**Brief Description:** Concerning the underground storage tank reinsurance program.

**Sponsors:** Representatives Mead, DeBolt, Peterson, Doglio and Lekanoff; by request of Pollution Liability Insurance Agency.

#### Brief Summary of Bill

- Authorizes the director of the Pollution Liability Insurance Agency to design, in consultation with the Office of Financial Management, and implement an emergency program to assist owners and operators of underground petroleum storage tanks in meeting federal financial responsibility requirements.

**Hearing Date:** 1/20/20

**Staff:** Nikkole Hughes (786-7156).

#### Background:

The Commercial Underground Storage Tank Reinsurance Program (Program) was established in 1989. The Legislature found that many owners and operators of underground storage tanks (USTs) could not purchase pollution liability insurance, because:

- private insurance was unavailable at any cost; or
- owners and operators could not meet the rigid underwriting standards of existing insurers.

The Pollution Liability Insurance Agency (PLIA) administers the Program, which provides affordable pollution liability insurance to help owners and operators of USTs comply with the financial responsibility regulations of the U.S. Environmental Protection Agency and the Department of Ecology.

Under the Program, the PLIA enters into contracts with private insurers to market pollution liability insurance. The PLIA acts as the reinsurer for those private insurance companies, which

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means that the PLIA shares a portion of the cost of settling claims with the contracted insurance companies.

**Summary of Bill:**

The director of the Pollution Liability Insurance Agency is authorized to:

- design, in consultation with the Office of Financial Management, an emergency program to assist owners and operators of underground storage tanks in meeting federal financial responsibility requirements;
- implement the emergency program in the event that a private insurer withdraws from the Commercial Underground Storage Tank Reinsurance Program; and
- determine, assess, and collect moneys sufficient to cover the direct and indirect costs of implementing the emergency program, including initial program development costs.

The emergency program is designed to be time-limited. If the director implements the approved emergency program, then at the Legislative session following implementation, the director is required to provide the Legislature with a report on the options available to assist owners and operators in using one or a combination of mechanisms to demonstrate financial responsibility for underground storage tanks. This includes, but is not limited to, discussion of a state-run insurance program, alternative options to a state-run insurance program, and an evaluation and recommendation of the finances required to develop and implement a new financial responsibility model.

All moneys collected under the emergency program must be deposited in the Pollution Liability Insurance Program Trust Account (Account), which is amended such that the Account does not expire on July 1, 2030.

**Appropriation:** None.

**Fiscal Note:** Requested on January 15, 2020.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.