



# Washington State Pollution Liability Insurance Agency

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## State Financial Assurance Program Public Input Request



The Washington State Legislature directed the Washington State Pollution Liability Insurance Agency (PLIA) to transition the [Underground Storage Tank Reinsurance Program](#) to a state-led [Financial Assurance Program](#). The reinsurance program provides funds to private insurers who sell insurance policies to underground storage tank (UST) owners and operators. For each policy, the state, through PLIA, pays up to \$925,000 of each \$1 million claim with the insurer covering the rest. Reinsurance ensures the availability of policies, but all claim and coverage decisions are made by private insurance companies. A state-led Financial Assurance Program will allow PLIA to make claim and coverage process decisions. PLIA will directly assist UST owners and operators with funds to address contamination and increase successful cleanups.

### Why is a financial assurance program necessary?

[Federal](#) and [state](#) regulations require petroleum UST owners and operators to show that they have access to \$1 million in case of a release or leak. This is referred to as demonstrating financial assurance or financial responsibility.

Most UST owners and operators in Washington meet this requirement with an insurance policy. Other ways to meet the requirement include:

- Self-Insurance.
- Surety Bonds.
- Guarantees.
- Letters of Credit.
- Trust Funds.
- Standby Trust Funds.
- State-funded Assurance.

If a UST owner or operator does not show financial responsibility through one of these listed ways, they are prohibited from receiving fuel into their USTs, and are not able to operate.

### How is the program funded?

The new Financial Assurance Program will be funded by:

- The [Petroleum Products Tax](#).
- Program fees and deductibles.
- Cost-recovery proceeds.

The Petroleum Products Tax is a tax on the wholesale value of petroleum at its first sale in the state. The tax is usually paid by distributors who purchase fuel to sell it to individual gas stations. The new program will also charge annual fees and deductibles to program participants, and PLIA may recover the cost of cleanup from the liable person.

### What are the rules and guidelines for the program?

The law has general guidelines, but PLIA, with input from our public partners, will develop detailed program rules under the state's [rulemaking requirements](#). Rulemaking is a public process. PLIA will host [listening sessions](#) so that stakeholders and the public can provide input into the program rules and guidelines.

Once PLIA receives public input, we will develop draft program rules and begin the formal rulemaking process. During this process, PLIA will hire an economist to complete a small business impact assessment of the draft program rules. Before finalizing the program rules, PLIA will also host public comment hearings to collect public feedback.

## Program rules and guidelines, continued

Some of the basic requirements in the law include:

- UST owners and operators must register with the program and maintain eligibility requirements to participate.
- PLIA may pay up to \$2 million to clean up a leak from a tank registered before the leak occurred, and \$1 million for leaks before registration.
- PLIA may prioritize funding to protect:
  - Human health and the environment.
  - Vulnerable populations and overburdened marginalized communities.
- PLIA must charge a fee for program participation that cannot be more than \$25,000 per year.
- PLIA may set a range of costs eligible for coverage under the program. In some cases, PLIA may clean up leaks from tanks not registered under the program if the property owner provides consent. After these cleanups, PLIA must seek to recover the cleanup costs from the liable person.



Removal of a UST (Source: PLIA)

For additional details, please review the law ([Chapter 70A.545 RCW](#)).

## How can you provide input?

To provide input on this new program you can:

- Attend PLIA's listening session. Please see PLIA's website for the schedule at: <https://plia.wa.gov/public-engagement/>
- Provide written feedback through PLIA's contact page on the website at: <https://plia.wa.gov/contact-us/>
- Email PLIA at [pliamail@plia.wa.gov](mailto:pliamail@plia.wa.gov).
- Call 1-800-822-2095 or 360-407-0512. **Please let us know if you need interpretation in another language.**
- Mail your written feedback to PLIA at PO Box 40930, Olympia, WA 98504-0930.

For questions about the Financial Assurance Program or the rulemaking process, please email [phi.ly@plia.wa.gov](mailto:phi.ly@plia.wa.gov). To join our email distribution list and receive PLIA updates please contact us at [rules@plia.wa.gov](mailto:rules@plia.wa.gov).

*PLIA offers language interpretation services for our customers and partners at no charge. Please let us know when contacting us. To request materials in an alternative format, call PLIA at 800-822-3905. Relay Service 711, or TTY at 1-800-833-6388.*



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