Washington State Pollution Liability Insurance Agency

Financial Assurance Program Fact Sheet

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 (FA Program). The new state-led FA Program allows PLIA to provide more complete coverage and make claim and coverage decisions. PLIA will directly assist underground storage tank (UST) owners and operators with funds to address leaks, increase successful cleanups, and replace leaking fuel systems. Under the old Reinsurance Program, PLIA provided funds to private insurers who sell insurance policies to UST owners and operators. PLIA paid up to 93% of each $1 million claim with the insurer and customer covering the rest. Reinsurance ensured the availability of policies, but all claim and coverage decisions were made by private insurance companies.

About the FA Program

Federal regulations and state rules require that owners and operators of petroleum USTs must show they have access to up to $1 million for environmental cleanup in case of a petroleum leak. Many UST owners and operators meet this requirement through private insurance.

PLIA's FA Program provides a new option for petroleum (gas/diesel) UST owners and operators to meet financial responsibilty requirements. The new FA Program is not mandatory for UST owners and operators. UST owners and operators can opt-in to the program by submitting an application to PLIA (link to online application: https://plia.tfaforms.net/118).

Who is Eligible for the FA Program?

To be eligible for coverage under the FA Program, UST owners and operators must meet the following:

1. The petroleum UST must be located in Washington State
2. The UST must be registered with the Washington State Department of Ecology (Ecology) or federal or tribal equivalent and be in compliance with state and federal petroleum UST laws.
3. UST owners or operators must agree to clean up any future leaks to meet the state's Model Toxics Control Act (MTCA) cleanup standards, or the most stringent of state, federal, or tribal standards that apply.

There are additional requirements for USTs with existing leaks. You can find more information about program eligibility on our website (https://bit.ly/3zJsxEX).

Removal of a UST (Source: PLIA)

What Does the FA Program Cover?

For eligible UST owners and operators, the FA Program provides different amounts of coverage depending on when a petroleum leak occurred. There are **no deductibles** under this program.

Petroleum leaks that happen while a tank is enrolled in the FA Program can receive up to $2 million to clean up leaks and **replace tanks or other infrastructure**. The $2 million includes cleanup for the property where the leak happened and affected properties, and third-party damages.

Leaks that happened before enrollment can receive up to $1 million for cleanup. Leaks that happened before enrollment in the Program do not qualify for third-party coverage.

PLIA will seek cost recovery for funds paid out for a pre-enrollment leak using options in the Model Toxics Control Act, RCW 70A.305.080, RCW 70A.545.060, and RCW 70A.545.070, or other applicable federal or state laws. PLIA may seek cost recovery from any party liable under MTCA, including but not limited to the current owner/operator of the petroleum UST.

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Is There an Enrollment Fee?

Enrollment fees for the FA Program are due annually and are based on the age of the UST. Enrollment fees are listed below:

- UST is 0-10 years old: $1,000 per UST
- UST is 11-20 years old: $1,500 per UST
- UST is 21-30 years old: $2,000 per UST
- UST is 30+ years old: $2,500 per UST

If you have an older tank, you may want to apply to PLIA's Loan and Grant Program for funding to help replace your tanks (link to Loan and Grant Program Page: https://bit.ly/3BnLq0x).

Your enrollment fee is due after PLIA accepts your application. **Coverage will not start until PLIA receives your payment and signs the enrollment agreement.** PLIA also offers payment plans.

PLIA is developing a list of fee discounts you can earn by completing actions that reduce the chances or size of an accidental petroleum leak. Discounts will not apply during the first year of a UST's enrollment in the FA Program. If you earn discounts, PLIA will apply them to the enrollment fee only after the first enrollment renewal.

How is the FA Program Funded?

The FA Program is funded by:

- The Petroleum Products Tax.
- Annual enrollment fees.
- Cost-recovery proceeds.

The Petroleum Products Tax is a tax on the wholesale value of petroleum at its first sale in the state. The Petroleum Products Tax is usually paid by distributors who purchase fuel to sell it to individual gas stations.

In What Order are Funds Paid?

To receive funding for petroleum leak coverage, UST owners or operators submit a Financial Assurance Request (FAR).

Under the FA Program, cleanup costs take priority over payment of third-party damage. PLIA will first reserve the estimated costs of cleanup actions needed to address a petroleum leak. Funding that remains after cleanup of a leak may then be put toward eligible third-party coverage.

PLIA may also prioritize funding based on the following factors:

- Threats from a UST petroleum leak to human health and the environment.
- Petroleum UST leaks impacting a vulnerable population or overburdened community as defined in RCW 70A.02.010.

How Can I Apply to the FA Program?

You can apply to the FA Program online at: https://plia.tfaforms.net/118.

If you cannot access the online application or require language translation, alternative application forms are available upon request. To request an alternative format or translation of the application, please contact PLIA by email at pliamail@plia.wa.gov or call 1-800-822-3905.

Stay Up-to-Date on the FA Program

Learn more about the FA Program on our Financial Assurance Program Page. PLIA will continuously update this page with new program developments.

Visit PLIA's Financial Assurance Page at:

https://plia.wa.gov/financial-assurance-program/

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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