

# HOUSE BILL REPORT

## HB 2475

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**As Reported by House Committee On:**  
Environment & Energy

**Title:** An act relating to the underground storage tank reinsurance program.

**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 History:**

**Committee Activity:**

Environment & Energy: 1/20/20, 1/23/20 [DPS].

**Brief Summary of Substitute 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 in the event that a private insurer withdraws from the Commercial Underground Storage Tank Reinsurance Program.

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### HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Fitzgibbon, Chair; Lekanoff, Vice Chair; DeBolt, Ranking Minority Member; Dye, Assistant Ranking Minority Member; Boehnke, Doglio, Fey, Goehner, Mead, Robinson and Shewmake.

**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:

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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

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### **Summary of Substitute Bill:**

The Director of the Pollution Liability Insurance Agency (Director) is authorized to:

- design, in consultation with the Office of Financial Management, and implement an emergency program to assist owners and operators of underground storage tanks in meeting federal financial responsibility requirements, in the event that a private insurer withdraws from the Commercial Underground Storage Tank Reinsurance Program (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.

If the Director implements an 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, an evaluation and recommendation of the finances required to develop and implement a new financial responsibility model, and recommendations for legislation necessary to implement actions needed to meet federal financial responsibility requirements.

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.

### **Substitute Bill Compared to Original Bill:**

The substitute bill:

- clarifies the authority of the Director of the Pollution Liability Insurance Agency to implement an emergency insurance program, as designed with the Office of Financial Management;

- requires the report provided to the Legislature to include recommendations for legislation necessary to implement actions; and
  - makes technical changes.
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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The Commercial Underground Storage Tank Reinsurance Program (Program) was started as a temporary program more than 30 years ago. If one of the private insurers currently participating in the Program decides to back out, the whole Program can fall apart. The state has a significant interest in insurance claims under this Program.

(Opposed) None.

**Persons Testifying:** Representative Mead, prime sponsor; and Russell Olsen, Pollution Liability Insurance Agency.

**Persons Signed In To Testify But Not Testifying:** None.