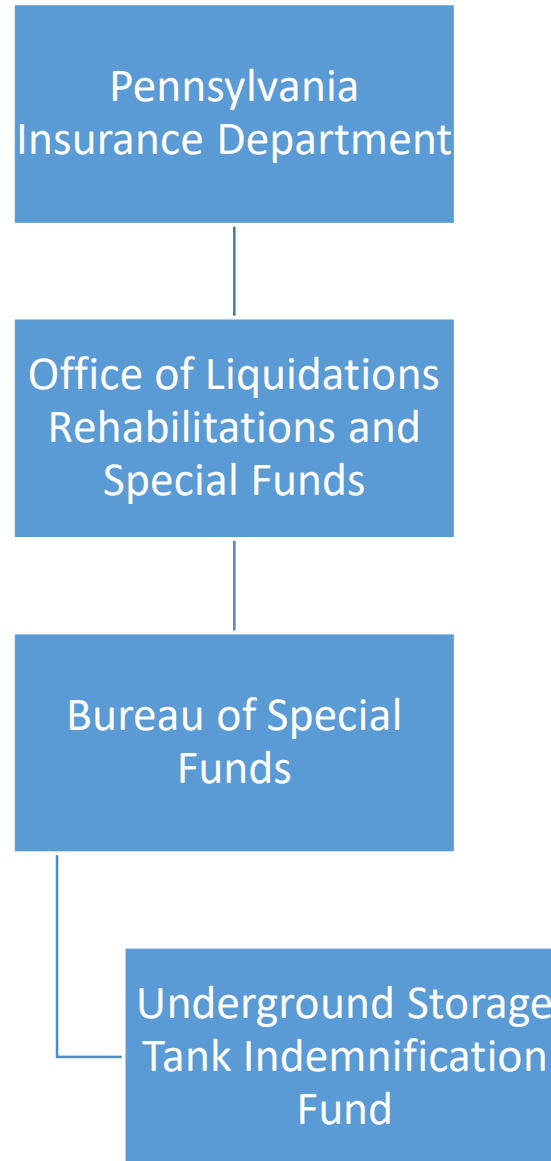


Underground Storage Tank Indemnification Fund

*Paying for a Cleaner
Commonwealth*



Ben Lorah
BSF Director
USTIF Executive
Director



This
presentation
will cover:

Background
of USTIF

USTIF
Operations

Fee
Collection

Claims
Handling

Background of USTIF



Mission Statement

The mission of the Underground Storage Tank Indemnification Fund is to provide for a cleaner Commonwealth by administering a fiscally responsible program to reimburse eligible participants for reasonable and necessary expenses incurred from releases into the environment.

History of USTIF

1988- US EPA Promulgates UST Regulations

1989- The PA Storage Tank and Spill Prevention Act creates USTIF

1993- PA Financial Responsibility regulations codified

1994- USTIF began formal operations

USTIF is a Special Fund

USTIF is a restricted fund and its moneys can only be used only for the purposes set forth in the Tank Act.

USTIF moneys cannot be transferred or diverted to any other purpose.

Although labeled a “special fund,” it is essentially a trust fund whose monies are held for the purpose designated by statute

USTIF is guided by the legislative purpose of the Tank Act

[T]he [Tank] Act is premised on the recognition that:

- Pennsylvania's lands and waters “constitute a unique and irreplaceable resource from which the well-being of the public health and economic vitality of this Commonwealth is assured;”
- these resources have been contaminated by releases from both active and abandoned storage tanks of regulated substances;
- contamination of this sort threatens the well-being of affected residents and must be prevented through improved safeguards on storage tank construction and installation;
- complete restoration of contaminated resources is difficult; and
- corrective action, when required, is costly.

In addition, the [Tank] Act is founded on the General Assembly's declaration that storage tank releases of regulated substances pose a threat to the public health and safety of the Commonwealth and that a legislative response geared toward preventing, detecting, and providing for the prompt remediation of such releases is essential.

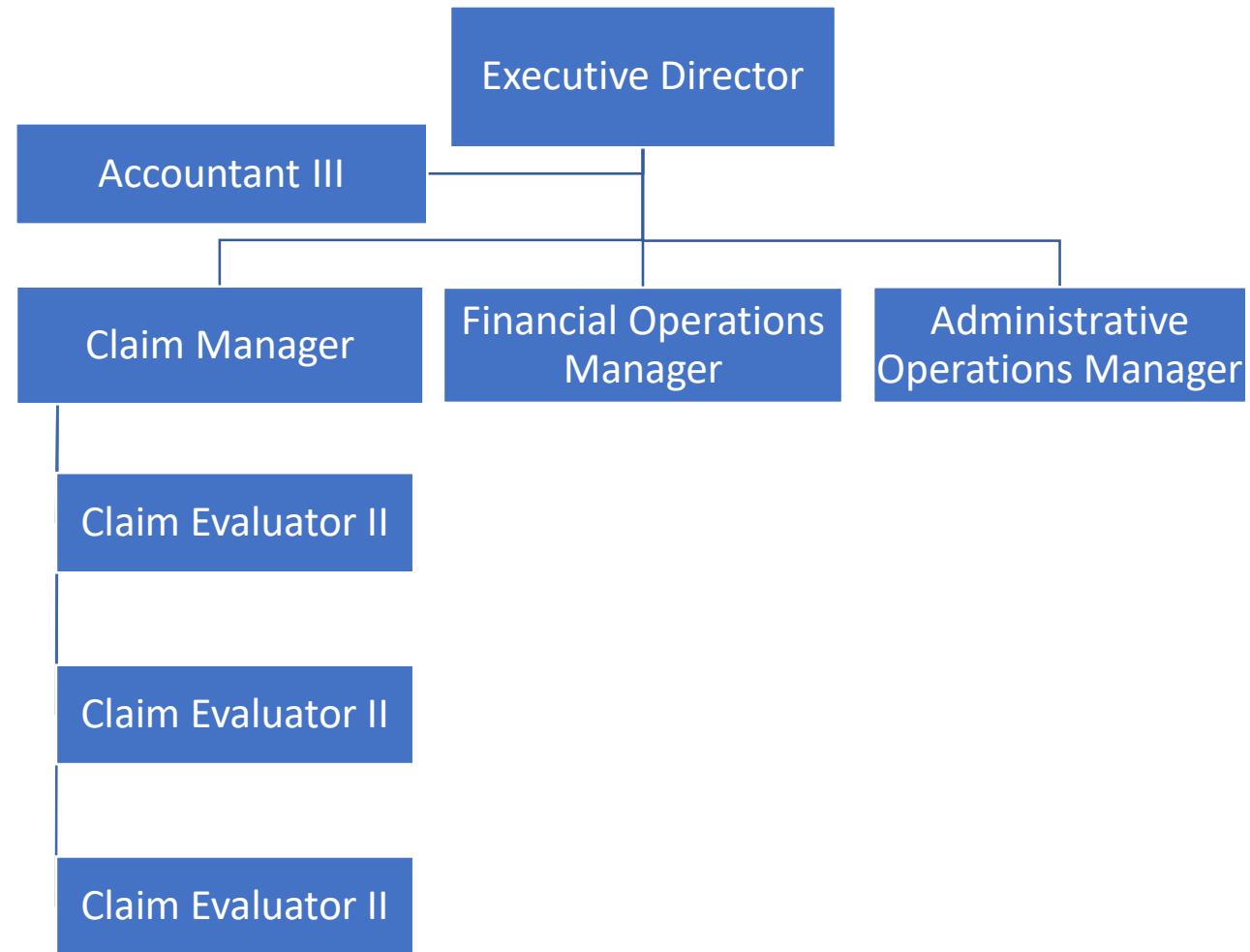
Shrom v. Pennsylvania Underground Storage Tank Indemnification Bd., 292 A.3d 894, 896–97 (Pa. 2023) (citing *Young's Sales & Serv. v. Underground Storage Tank Indemnification Bd.*, 620 Pa. 670, 70 A.3d 795, 799 (2013) (plurality opinion) (footnote omitted).

USTIF Operations



Underground Storage Tank Indemnification Board

- USTIF is overseen by a 14-member board
- Board members are knowledgeable on insurance and storage tank issues
- The Board meets quarterly each year
- The Board annually approves fee schedule based on an actuarial study
- The Board conducts a Performance Review of USTIF every 5 years
- Day-to-day operations are delegated to USTIF's Executive Director



USTIF Coverage Programs

Regulated
Underground
Storage Tanks

Heating Oil
Tanks (Opt-In)

Tank Installers

USTIF Claims

Spilling, leaking, emitting, discharging, escaping, leaching or disposing from a UST or a HOT into surface waters and groundwaters of this Commonwealth or soils or subsurface soils

The term also includes any spillage, leaking, emitting, discharging, escaping, leaching or disposing from a UST or a HOT into a containment structure or facility that poses an immediate threat of contamination of the soils, subsurface soils, surface water or groundwater.

USTIF Indemnification Payments

REASONABLE AND NECESSARY CORRECTIVE ACTION COSTS
REIMBURSED



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graph TD; A[REASONABLE AND NECESSARY CORRECTIVE ACTION COSTS REIMBURSED] --> B[3RD PARTY LIABILITY COSTS COVERED]; B --> C["$5,000 DEDUCTIBLE PER TANK OR RELEASE"]; C --> D["$1.5 MILLION COVERAGE LIMIT PER OCCURRENCE"];
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The diagram consists of four horizontal bars of decreasing width, stacked vertically and offset to the right. Each bar contains text describing a level of indemnification. Arrows point from the right side of each bar to the left side of the bar below it, indicating a sequential flow from the most comprehensive coverage at the top to the coverage limit at the bottom.

3RD PARTY LIABILITY COSTS COVERED

\$5,000 DEDUCTIBLE PER TANK OR RELEASE

\$1.5 MILLION COVERAGE LIMIT PER OCCURRENCE

USTIF Annual Limits

- An annual aggregate of \$1,500,000 for each owner and operator of 100 or less underground storage tanks; or
- An annual aggregate of \$3,000,000 for each owner and operator of 101 or more underground storage tanks, up to the total of \$1,500,000 per tank per occurrence or the total eligible costs or damages

Voluntary Heating Oil Tank Program

Any owner of an underground storage tank of 3,000 gallons or more used for storing heating oil for consumptive use on the premises where stored may elect to participate in the fund.

The owner or operator of an HOT must pay capacity fees

By regulation, the HOT owner must conduct a tank tightness test and submit a \$50 application fee to participate.

TIP Claims

Releases caused by improper or faulty installations, modifications and removal of underground storage tanks.

Payments shall be made only for releases resulting from underground storage tanks located in this Commonwealth.

TIIP Indemnification Payments

Reasonable and necessary corrective action costs reimbursed



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graph TD; A[Reasonable and necessary corrective action costs reimbursed] --> B[3rd party liability costs covered]; B --> C["$5,000 deductible per tank handling activity"]; C --> D["$1.5 million coverage limit per occurrence"];
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3rd party liability costs covered

\$5,000 deductible per tank handling activity

\$1.5 million coverage limit per occurrence

TIIP Annual Limits

- An annual aggregate of \$1,500,000 for certified tank installers who perform 100 or fewer installations or major modifications; or
- An annual aggregate of \$3,000,000 for certified tank installers who perform more than 100 installations or major modifications

Limits on Use of Funds

- Moneys in the fund cannot be used for the:
 - repair, replacement or maintenance of underground storage tanks or
 - improvement of property on which the tanks are located
 - unless the moneys are loaned by the board as an investment of fund moneys pursuant to the upgrade loan program.

USTIF's Partnership with DEP



Investigation,
Closure,
Compliance, And
Enforcement
Costs



Pollution
Prevention
Program



Environmental
Cleanup Program



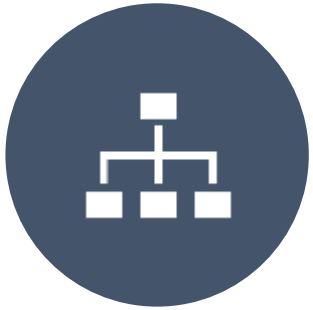
Data Sharing



Enforcement

USTIF Operations

Administrative and Financial Operations



ADMINISTRATION



FEE COLLECTION



INVESTMENTS



AUDITS

Claims Handling

USTIF Oversight

ICF

Third Party Reviewers

ICF- USTIF's Third Party Administrator



Claims
administration
and data
management
services



Eligibility
Investigations



Engages Third
Party
Reviewers



Works in
cooperation
with USTIF
staff



Reviews and
processes
invoices

Fee Collection



USTIF Fees

Fees set by Board based on annual actuarial study

Fees have remained stable for the past 17 years

Annual statements are issued each December, including list of registered tanks

Participants can pay capacity and TIIP fees in full or make monthly payments

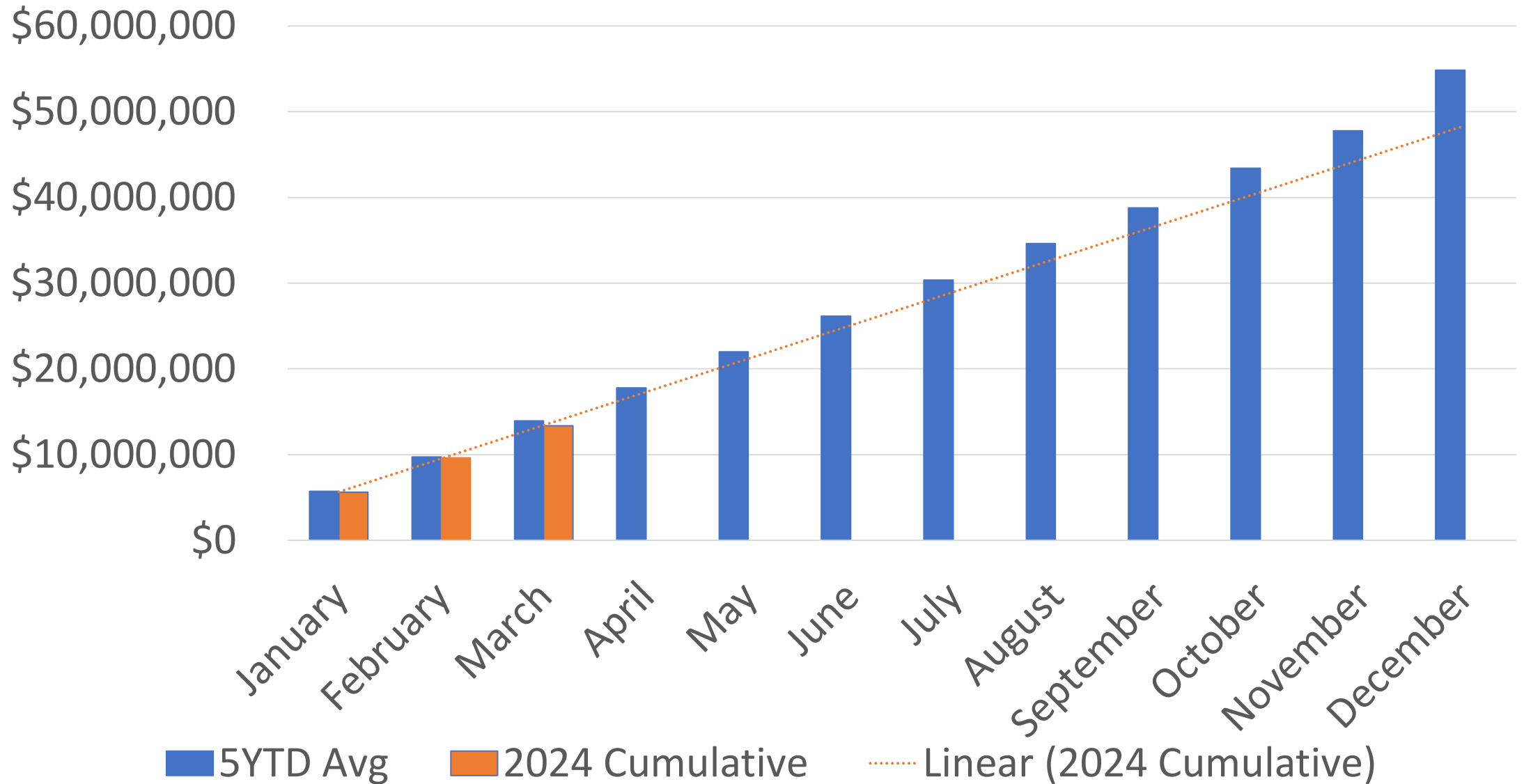
Throughput fees are generally collected by distributors on behalf of tank owners

2024 USTIF Fees

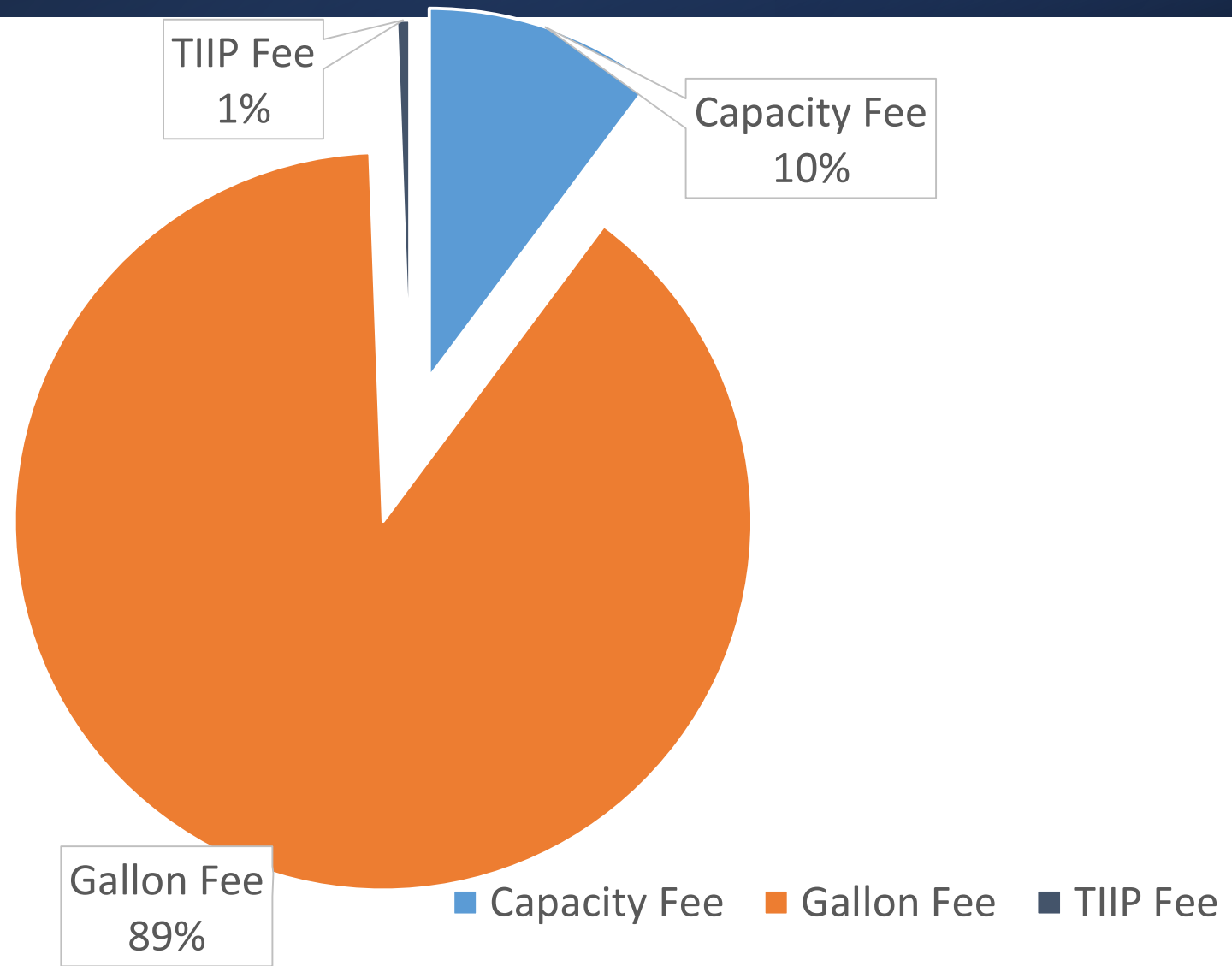
UST Fee	Rate
Gallon Fee	\$0.011 per gallon
Capacity Fee	\$0.0825 per gallon
Tank Fee	\$0.00

TIIP Fee	Amount
Annual Fee	\$1,000.00
Tank Removal Fee	\$15.00
Major Modification Fee	\$50.00
Tank Installation Fee	\$50.00

2024 YTD Fees v. 5 YTD Average (As of 3/31/24)



FY 2022-23 USTIF Fee Totals



USTIF Fee Billing System


- Established in 2017-currently supports over 4,000 users
- Populated with DEP tank ownership and registration data
- Generates monthly invoice
- Provides up-to-date payment information for DEP compliance
- Accepts online payments of participants and distributors

The background image is a close-up of a financial document. It features a pie chart with approximately 12 segments in various shades of blue, green, and brown. To the right of the pie chart is a legend with months from January to December, each accompanied by a small colored square. Below the pie chart is a table with three columns of numerical data. The numbers are arranged in a grid, with some values appearing to be cumulative or totals. A pen is visible in the bottom left corner, resting on the document.


Oversight of USTIF Investments

- USTIF's financial investments are overseen by a four member investment committee
- The investment committee meets quarterly with its investment advisors
- Funds are adjusted on a quarterly basis to bring in line with portfolio investment guidelines

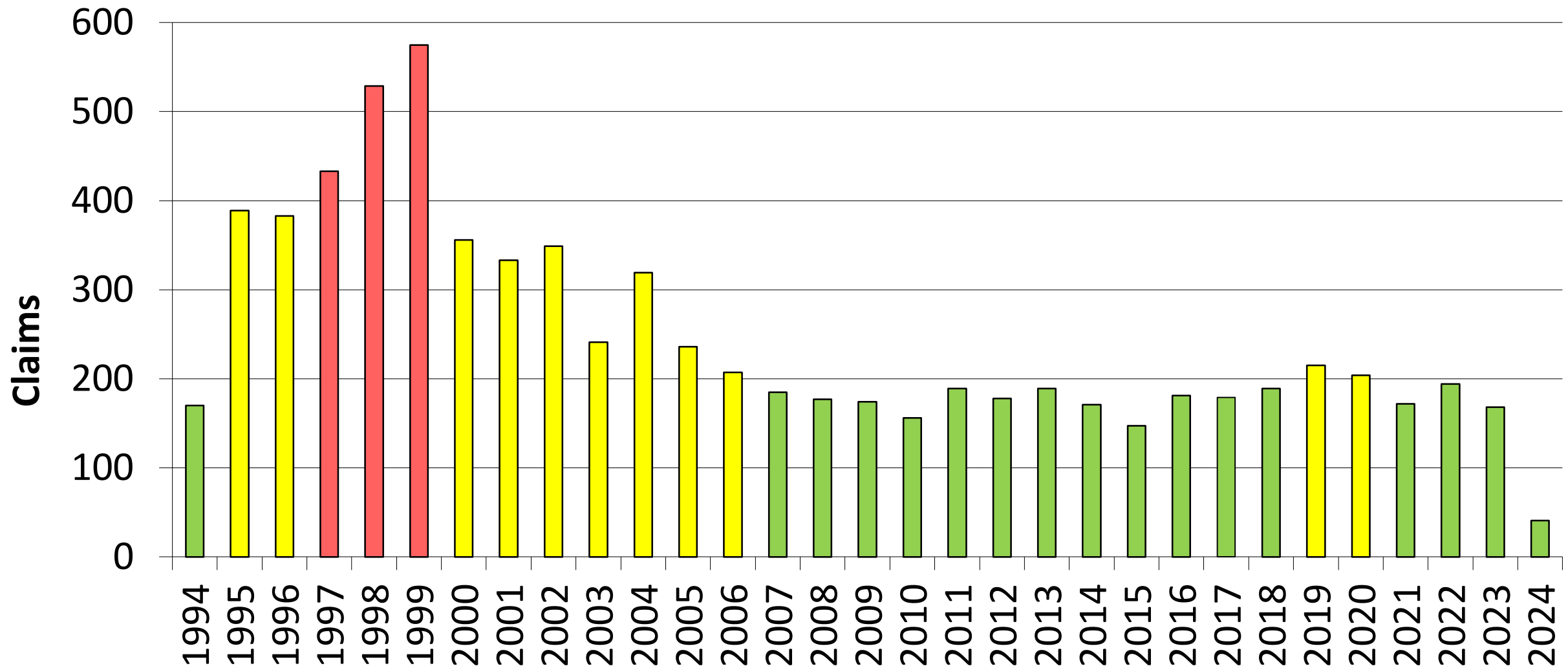
Claims Handling

A large orange circle is positioned on the left side of the slide, partially cut off by the edge. It contains the text 'Claim Reporting and Assignment' in white.

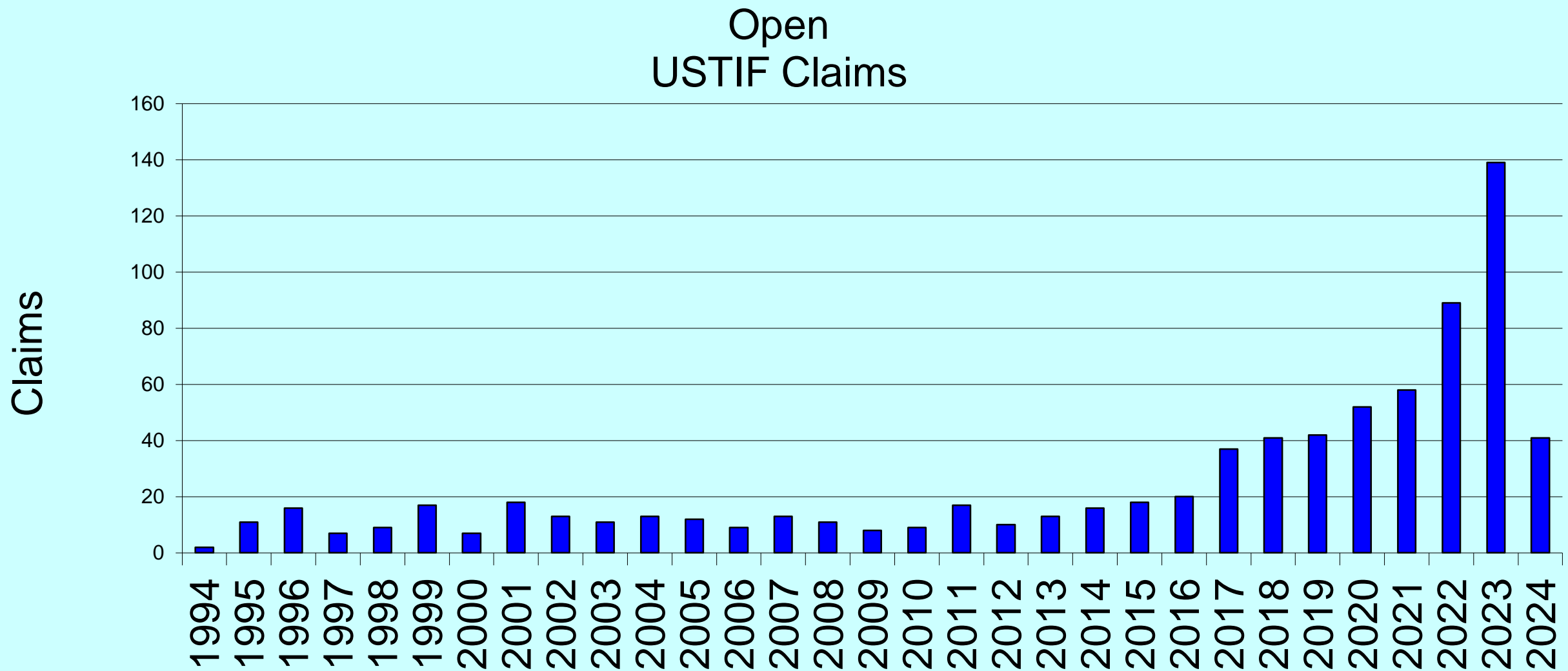
Claim Reporting and Assignment

- All claims are reported directly to USTIF
 - USTIF intakes the newly reported claim and assigns to ICF
 - ICF undertakes eligibility investigation
- 
- A yellow dashed line is located in the bottom right corner of the slide, consisting of several short, curved segments.

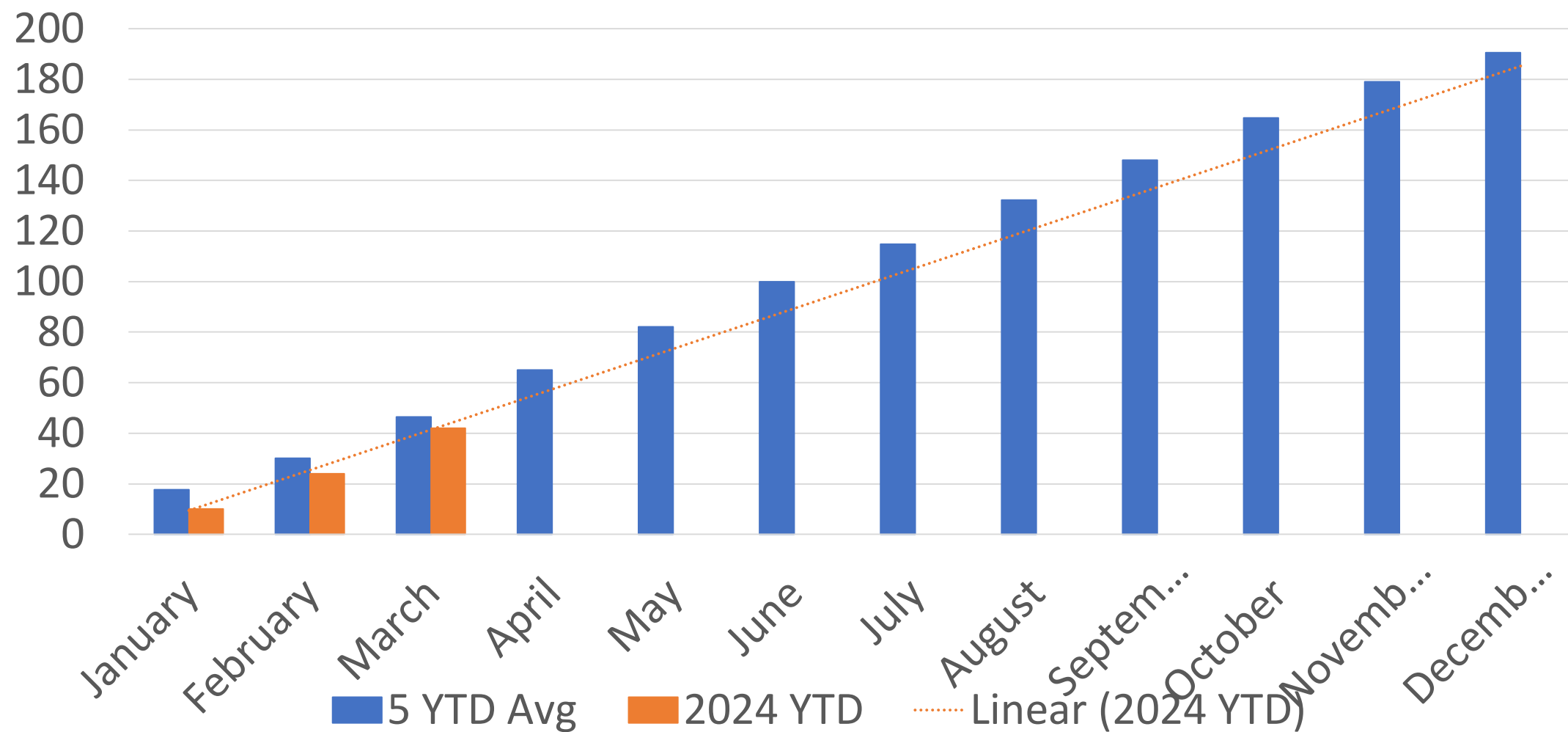
Total USTIF Claims by Year (As of 3/31/24)



Active Claims by Year Filed (As of 3/31/24)



2024 Claims v. 5 YTD Average (As of 3/31/24)



Claim Eligibility Requirements

Claimant is the owner, operator or installer of the tank

All current capacity and throughput fees are paid (Section 705 fees)

The UST has been properly registered (Section 503)

The participant has obtained the necessary permits or certifications

The release must have occurred on or after February 1, 1994

The participant cooperates as defined in USTIF regulations

The participant has met the 60-day reporting requirement

Eligibility Review

The claim is assigned to a Claim Representative who contacts the tank owner or operator within one business day to begin the formal claim investigation process.



Copies of release detection items are requested, a recorded statement is taken, and other pertinent issues are investigated

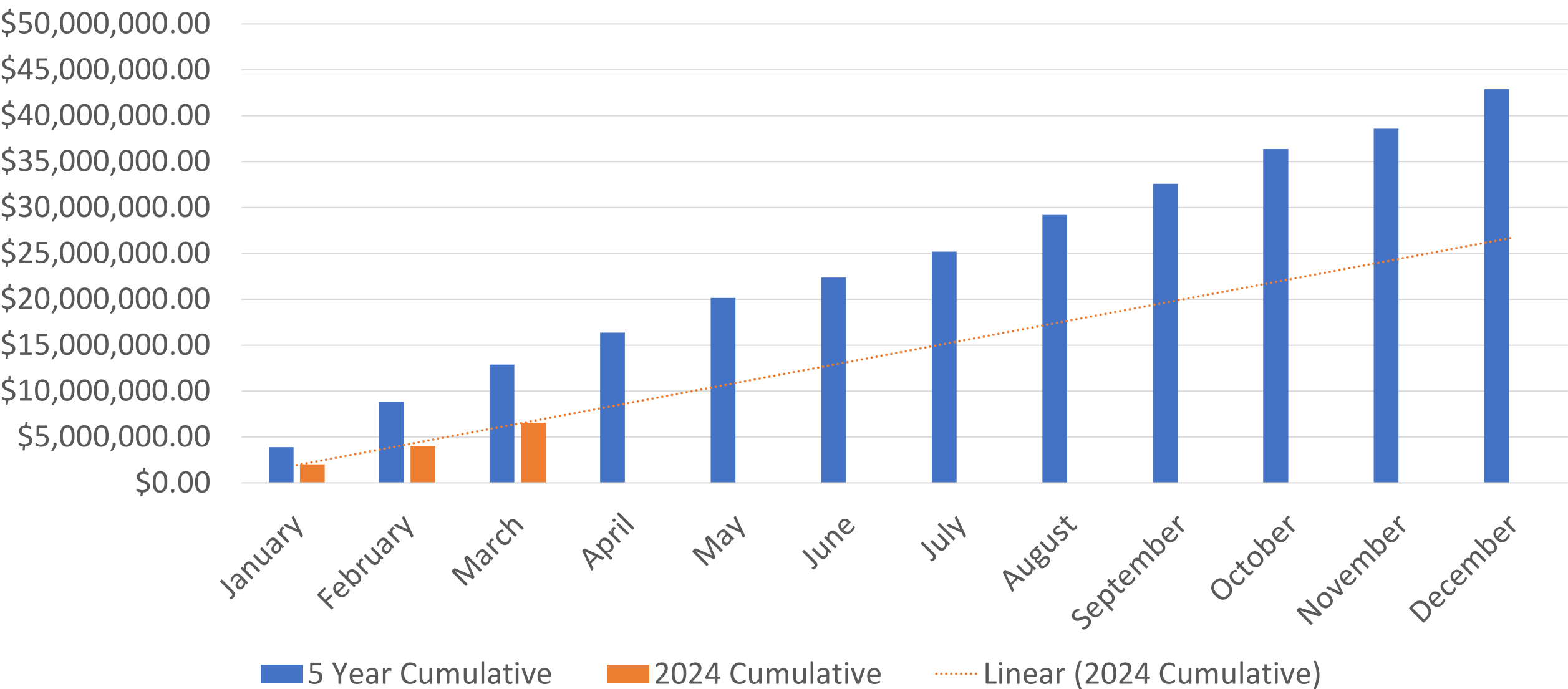


When the investigation is complete, an eligibility determination is sent in writing to the tank owner or operator.

For an eligible claim, information regarding claim payment procedures is provided.

For denied claims, the tank owner or operator is provided with information concerning appeal procedures.

2024 Claim Payments YTD v. 5 YTD Avg (As of 3/31/24)



Reasons why claims are denied:

Fees not paid

Not registered with DEP

Pre-USTIF Contamination

Claimant not Owner/Operator

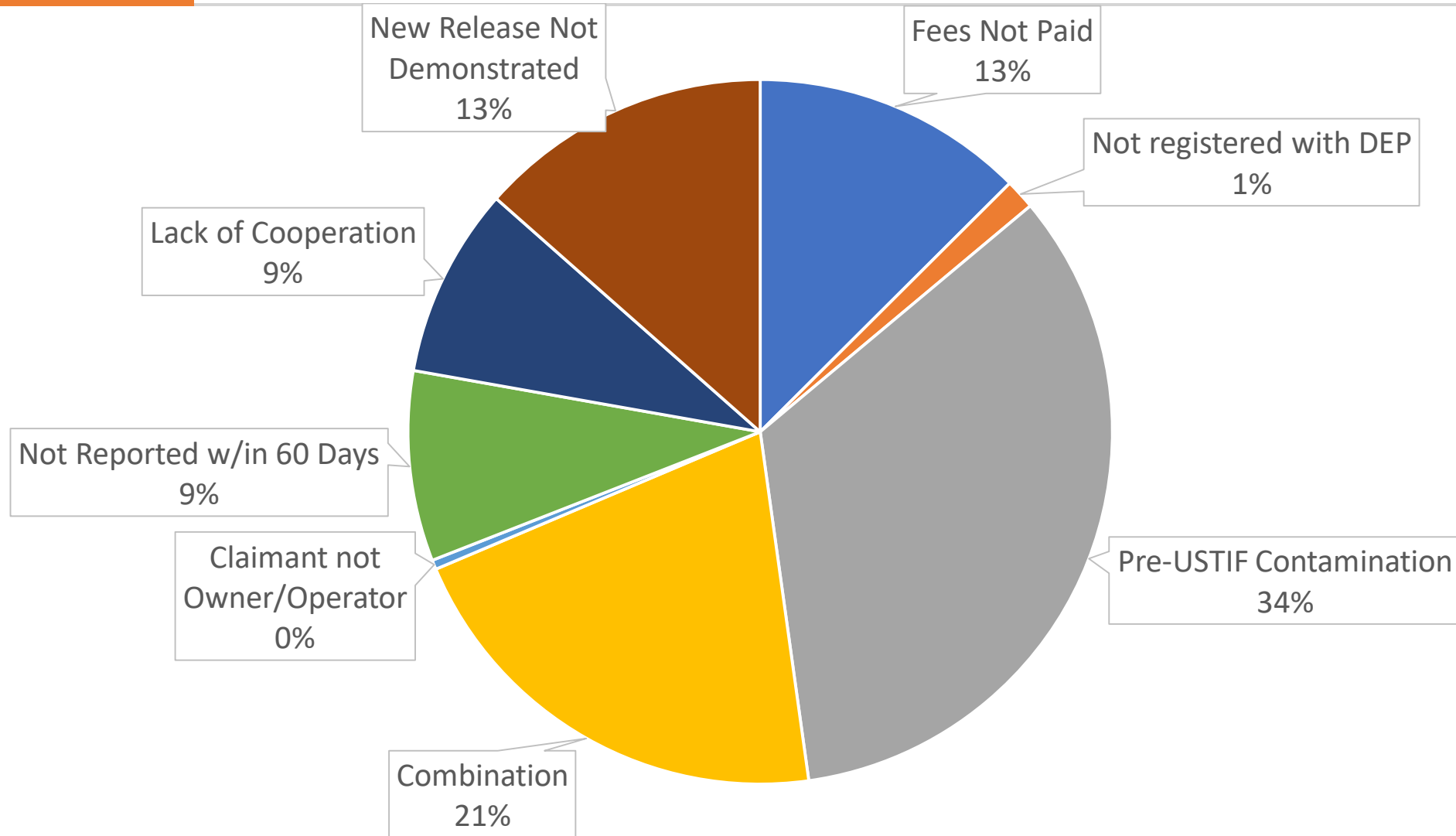
Not reported within 60 Days

Lack of Cooperation

New Release not demonstrated

Combination of reasons

Claim Denials by Percentage



Pre-1994 contamination mixed with recent releases

Releases from abandoned tanks as well as registered tanks

Data anomalies (e.g., lead and MTBE)

Conclusion



Today we
reviewed:

Background
of USTIF

USTIF
Operations

Fee
Collection

Claims
Handling



Questions

Contact USTIF

By Telephone: 717-783-8093

By Email: ra-ustif@pa.gov

By Fax: 717-705-0140

Website Issues: websitesupport@ustifsupport.zendesk.com

Address: 901 North 7th Street
3rd Floor
Harrisburg, PA 17102

Website: <https://ustif.pa.gov/>

