

The Dangers Below - Underground Storage Tanks

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Underground storage tanks represent a unique hazard, since, by their very nature, they are concealed. Contamination of ground water, the drinking water source for nearly one half of America, is the greatest danger from underground storage tanks. In addition, explosions and fires are another problem posed, due to the nature of the materials the tanks contain. In fact, the move towards placing tanks underground was an effort to reduce the fire and explosion hazard. This created other problems. Not only leaks, but the actual presence of the tank itself, may not be detected until after the damage is done. Alerting clients to the potential hazards of underground storage tanks is another value-added service of the professional insurance agent.

Spills can result from delivery problems, such as truck overturn, defective piping that is improperly attached or corroded, as well as leaks in the tanks themselves. It is not always possible to determine the cause or source of the leak. Since prompt and proper clean up is the primary objective when a spill is found, time is not always taken to trace the source if it is not readily apparent.

Storage tanks are regulated on the federal level by the Environmental Protection Agency (EPA). The EPA maintains data on the number of tanks – both active and closed, confirmed releases and clean ups. They also monitor and keep track of facilities that are in compliance with regulations. There are approximately 563,000 tanks storing petroleum or other hazardous materials in the United States. (www.epa.gov) New York Department of Environmental

Conservation maintains a database of USTs (www.dec.ny.gov). They estimate that, statewide there are nearly 24,000 active USTs and over 8,600 UST facilities.

States may be in a better position than the federal government to monitor USTs, so under EPA regulations, states have the option to apply for State Program Approval (SPA). SPA means states are allowed to operate their own programs instead of the federal government. Currently 38 states, the District of Columbia and Puerto Rico have SPA status. In July 2015, the EPA published updates to the UST and State Program Approval (SPA) regulations. Changes include increased emphasis on proper operation and maintenance of USTs, in an effort to help prevent and detect leaks and protect groundwater. Under the 2015 EPA revision, current SPA states have until October 2018 to reapply to maintain SPA status. Each state and territory has its own agency to deal with UST. (www.epa.gov). One benefit of SPA, is that, in SPA states, the owners and operators of USTs do not have two sets of regulations to comply with. New York and New Jersey are not currently SPA states.

The National Fire Protection Association (NFPA) codes and standards govern installation of heating systems, including fuel storage. NFPA 30(Flammable and Combustible Liquids Code) and 31(Standard for the Installation of Oil-Burning Equipment) must be followed when installing underground storage tanks.



NFPA 30 and 31 address requirements including type and location of tanks. This includes distance to buildings and property lines, and protection against movement/upheaval caused by flooding or increased groundwater levels. (www.nfpa.org)

Cleaning up a spill can be very costly. It is estimated that clean up of oil spills in New York alone could exceed \$200 million per year. Determining the actual cost is difficult, since most spills in the state are cleaned up by the responsible party, and do not involve government funds. Nationwide, the EPA estimates that petroleum spill clean up could run in excess of \$32 billion. (www.ag.ny.gov/environmental)

Pollution claims are typically excluded under standard personal and commercial lines policies, so preventing spills can save clients money. Coverage is available for tanks and pollution liability for both homeowners and corporations. Compliance with federal and state regulations is a key component. Helping clients understand and avoid the potential problems of underground storage tanks is another sign of the true insurance professional.

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