



Association
assess. advise. restore.

Home Heating Oil Release Legislation 2017

January 26, 2017



Homeowner Heating Oil - Existing Law Needs a Fix

MGL Chapter 453 “An Act Relative to Homeowner Heating Safety”

- ▶ The 2008 Act, amended in 2010, was intended to help homeowners who have heating oil tanks in the event of a release.
- ▶ Requires upgrades to residential heating oil system:
 - Enclose fuel supply lines in continuous non-metallic sleeve; or
 - Add oil safety valve to tank end of fuel supply lines; and
 - Inspection & certification.
- ▶ Applies to residential aboveground storage tanks (ASTs).

Existing Law - Insurance Coverage

- ▶ Section 4 of Chapter 453 references MGL Chapter 175, Section 4D “Coverage to be made available to residential owners for release of heating oil.”
- ▶ Insurance companies must “**MAKE AVAILABLE**” (not “OFFER” or “PROVIDE”) coverage to homeowners who have upgraded their heating oil system.)
 - First-party coverage = \$50,000
 - Third-party coverage = \$200,000
- ▶ Insurance companies do not have to inform homeowners about the availability of coverage.
- ▶ Many homeowners are unaware of this insurance.

Why Should the Existing Law Be Changed?

- ▶ Every year, fewer people are covered by the applicable insurance. There were nearly **20,000 fewer policies** at the end of 2015 than at the end of 2012:

| | |
|---|--------|
| Number of Liquid Fuel Policy Holders in 2012: | 60,093 |
| Number of Liquid Fuel Policy Holders in 2015: | 40,100 |

(source: MassDEP's August 23, 2016 "Report to the Joint Committee on Environment, Natural Resources and Agriculture".)

- ▶ Although we do not know if this drop in coverage is due to homeowners converting to natural gas, neglecting to request coverage, or a combination of factors, we find many homeowners unaware of the availability of insurance coverage, and unable to pay for cleanups.

Existing Law - Improvements Needed

- ▶ The number of residential heating oil releases hasn't changed much from 2012, although there were nearly 20,000 fewer policy holders during the same period.

Number of Residential Heating Oil RTNs in 2012: 133

Number of Residential Heating Oil RTNs in 2015: 125

(source: MassDEP's August 23, 2016 "Report to the Joint Committee on Environment, Natural Resources and Agriculture".)

- ▶ There were 39 residential financial inability filings in the period from 2012 to 2015.
- ▶ Costs range from ~\$50,000 to ~\$250,000.
- ▶ Improvements in outreach to residential heating oil consumers will help homeowners understand insurance options available to them.

New Legislation

- ▶ The LSPA believes the law can be made much more effective.
- ▶ Require insurers to **PROVIDE** coverage for releases from residential heating oil tanks, not **MAKE** coverage **AVAILABLE**.
- ▶ LSPA's legislation proposes to increase coverage to cover the rising costs of remediation:
 - Raise 1st party coverage from \$50,000 to \$75,000
 - Raise 3rd party coverage from \$200,000 to \$250,000
- ▶ LSPA's legislation, SD #436, is sponsored by Senator Anne Gobi (D-Spencer).

Next Steps and Contact Info

- ▶ **Sponsors.** The LSPA is reaching out to additional legislators for sponsoring this bill.
- ▶ **Informational Meetings and Public Outreach.** Stay tuned for future activities.
- ▶ **Case Studies.** We are seeking recent case studies and testimonials to document the hardships faced by homeowners unaware of insurance coverage. Contact the LSPA at info@lspa.org with information.

Thank you! Presented by the LSPA Legislative Committee

info@lspa.org

www.lspa.org