

TIPS WHEN SHOPPING FOR UST POLLUTION LIABILITY INSURANCE

1. Ensure that the insurance policy meets the basic state and federal FR requirements.
2. Consider the insurance carrier's experience in the environmental business.
3. Ensure the insurance agent is familiar with your property and casualty insurance program as well as your environmental needs.
4. The financial strength of the insurance company should be from a reliable source such as A.M. Best.
5. Consider your potential business needs beyond basic FR requirements such as:
 - Bodily Injury
 - Property Damage
 - Business Interruption
 - Premises and Site Liability
 - Brownfields Exposures
 - Warehouse Exposures
 - Loading and Unloading

PLEASE NOTE:

*In order to remain in compliance with federal and state FR regulations, FR documentation must be submitted to ADEQ on a **yearly basis** or when your current mechanism expires.*

For additional questions please contact:

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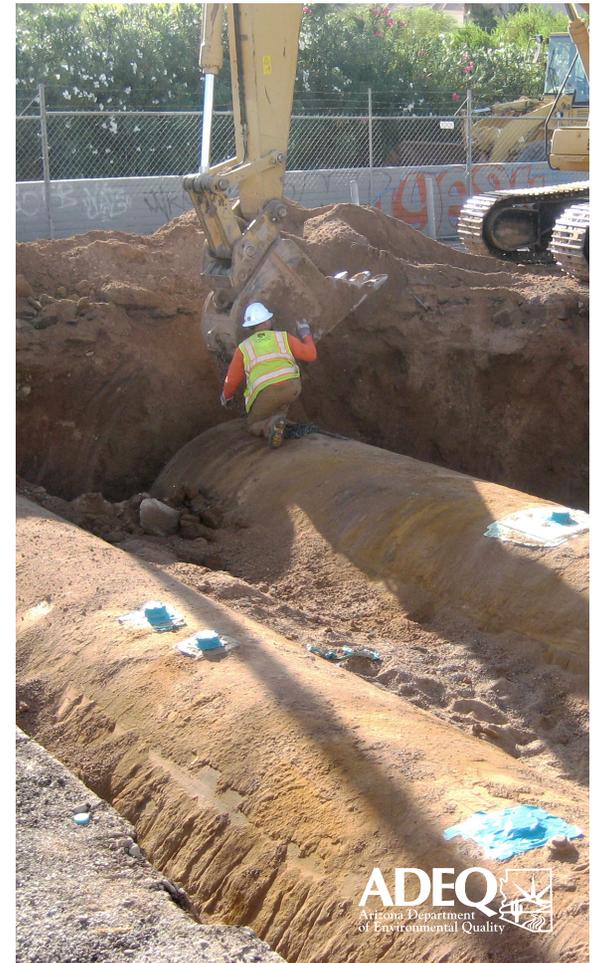


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WHAT YOU NEED TO KNOW ABOUT FINANCIAL RESPONSIBILITY

UNDERGROUND STORAGE TANK PROGRAM STATE AND FEDERAL REQUIREMENTS



WHAT IS FINANCIAL RESPONSIBILITY?

Financial Responsibility (FR) refers to the financial ability of underground storage tank (UST) owners and operators to address the potential costs of corrective actions and third-party liability claims associated with releases of petroleum from their UST systems.

WHY MUST I COMPLY?

FR is both a state and federal requirement.

Pursuant to Title 40, Part 280, Subpart H of the Code of Federal Regulations (40 CFR § 280) as adopted by Title 18, Chapter 12, Article 3 of the Arizona Administrative Code (A.A.C. R18-12-300 et seq.), an owner or operator of one or more USTs in Arizona is required to submit FR documentation to ADEQ. UST owners and operators must rely on their FR mechanism to cover third-party liability claims and corrective action costs.

NOTE:

Either the owner or the operator may provide FR coverage but both are responsible if FR requirements are not complied with by either party.

HOW DO I COMPLY?

The FR mechanisms that UST owners and operators can use to comply with state and federal requirements are:

- Financial Test of Self-Insurance, *R18-12-305*
- Guarantee, *R18-12-306*
- Insurance and Risk Retention Group Coverage, *R18-12-307*
(Pollution liability insurance is the most common FR mechanism used by UST owners and operators.)
- Surety Bond, *R18-12-308*
- Letter of Credit, *R18-12-309*
- Trust Fund, *R18-12-312*
- Certificate of Deposit, *R18-12-310*
(Arizona-only FR mechanism)

Local governments may also use other FR mechanisms to comply, including:

- Local Government Bond Rating Test, *R18-12-314*
- Local Government Financial Test, *R18-12-315*
- Local Government Guarantee, *R18-12-316*
- Local Government Fund, *R18-12-317*

WHAT WILL HAPPEN IF I DO NOT COMPLY?

Because **FR is a state and federal requirement**, ADEQ will seek compliance from all owners and operators of petroleum UST systems.

Since all FR documentation must be kept up-to-date and on file with the department, ADEQ routinely reviews the FR status of all UST owners and operators. If the documentation is absent or out-of-date, ADEQ will contact the owner or the operator and request submittal of that documentation.

Additionally, ADEQ checks for compliance with FR requirements during the course of UST facility inspections. Non-compliance at the time of inspection will result in a Notice of Opportunity to Correct or a Notice of Violation.

Failure to submit FR documentation may result in an enforcement action. An enforcement action may result in ADEQ issuing a stop use order and affixing a tag to stop operation of the UST, civil penalties of up to \$25,000 per day and/or injunctive relief.

WHERE CAN I GET MORE INFORMATION?

For more detailed information, please visit our financial responsibility page online at www.azdeq.gov/environ/waste/ust/fr.html