



## UST Financial Responsibility



*This document provides compliance tips for owners and operators of underground storage tanks regulated by the U.S. Environmental Protection Agency (i.e., USTs in Indian country). It does not replace the federal UST regulation. Additional information can be found at [epa.gov/ust](https://epa.gov/ust).*

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**WHAT IS FINANCIAL RESPONSIBILITY?** Financial Responsibility (FR) means making sure that money will be available to clean up and to pay for property damage or bodily injury caused by releases from regulated petroleum USTs that you own or operate.

**HOW CAN I DEMONSTRATE FR?** You can demonstrate FR for USTs using one of the ways listed below.

**Rely on a state fund.** Find your state contact at [epa.gov/ust/underground-storage-tank-ust-contacts](https://epa.gov/ust/underground-storage-tank-ust-contacts) and contact them to determine if you qualify to use the state fund and if your state fund qualifies as financial responsibility.

**Get an insurance policy. The policy must:**

- Exclude legal defense costs from the required amount of coverage.
- Provide first dollar coverage.
- Provide a six-month extended reporting period for claims-made policies.
- Include an endorsement or certificate whose wording is exactly as specified in [40 CFR 280.97\(b\)](https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-280/subpart-B/section-280.97(b)).

**Demonstrate self-insurance.**

- Pass the criteria for one of the financial tests described at [40 CFR 280.95](https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-280/subpart-B/section-280.95).
- Tribal governments that own or operate USTs may be able to use local government FR mechanisms (i.e., pass a bond rating test; pass a local government financial test; obtain a guarantee from another local government; or establish a dedicated local government fund).

**Get a corporate guarantee from a business.** You should have a substantial relationship with the business as described at [40 CFR 280.96](https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-280/subpart-B/section-280.96). The guarantor must pass the financial test required for self-insurance.

**Get a letter of credit.** This requires a financial institution to guarantee payment to clean up a release or pay third parties.

**Get a surety bond.** The surety bond guarantees payment for cleaning up a release or payment for third party damages.

*Note: When using a corporate guarantee, letter of credit, or surety bond to demonstrate FR, a standby trust must be established. Money not used is returned to the funding source.*



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**CAN I COMBINE FR MECHANISMS?** Yes. You can combine methods to show FR as described in [40 CFR 280.94](#). However, you cannot combine a financial test of self-insurance and a corporate guarantee if the owner or operator and guarantor financial statements are combined.

**HOW MUCH COVERAGE DO I NEED?** The amount of coverage you need depends on the type of business, the amount of throughput of your tank, and the number of tanks that you operate. Use the chart below as a guide.

Type Of UST Owner And Operator	Per Occurrence Coverage	Aggregate Coverage
Petroleum producers, refiners, or marketers	\$1 million	\$1 million for 100 or fewer tanks
Nonmarketers	\$500,000 – monthly throughput 10,000 gallons or less \$1 million - monthly throughput is more than 10,000 gallons	<u>or</u> \$2 million for more than 100 tanks

**DO I NEED A SEPARATE FR DOCUMENT FOR EACH FACILITY?** No. However, you will need to show that your mechanism(s) covers all regulated USTs at all your facilities.

**DO I NEED TO SUBMIT FR DOCUMENTS?** Yes. You need to certify compliance with the FR requirements in the tank notification requirements of [40 CFR 280.22](#), and submit FR documents to the [EPA regional office](#):

- Within 30 days after finding a release;
- After failing to obtain alternate coverage for a failing mechanism as required under [40 CFR 280.110\(a\)\(2\) and \(3\)](#); and
- As required by the [implementing agency](#) (the [EPA regional office](#) for USTs in Indian Country).

You can find your EPA regional office at [epa.gov/ust/underground-storage-tank-ust-regional-contacts](https://epa.gov/ust/underground-storage-tank-ust-regional-contacts).

### WHAT RECORDS SHOULD I KEEP?

- Maintain a copy of a certification of FR signed by the owner or operator and a witness or notary. The required wording can be found at [40 CFR 280.111\(b\)\(11\)](#) and in [Dollars And Sense: Financial Responsibility Requirements for Underground Storage Tanks](#) (p. 13).
- Keep evidence of all FR mechanisms.
- Make full FR documents available upon request.
- A list of the required documents can be found at [40 CFR 280.111](#).

For more information about UST owners' and operators' financial responsibilities under federal UST regulations, see EPA's [Dollars And Sense: Financial Responsibility Requirements for Underground Storage Tanks](#) available on our website: [epa.gov/ust/resources-ust-owners-and-operators#financial](https://epa.gov/ust/resources-ust-owners-and-operators#financial).