

Financial Responsibility for Underground Storage Tanks in Alaska

Frequently Asked Questions

What is Financial Responsibility?

If you own or operate a regulated Underground Storage Tank (UST), you are required to maintain financial coverage to pay for a spill or leak. It protects against the costs of cleanup or third-party claims for personal injury or property damage.



Securing financial coverage for an unexpected spill or leak serves as business protection as well as community and environmental protection.

(Photograph courtesy of DEC Contaminated Sites Program)

What are the coverage options for Financial Responsibility (FR)?

Private owners or operators have the following coverage options or *mechanisms* to choose from: Insurance, Self-Insurance, Letter of Credit, Surety Bond, Fully Funded Trust Fund, and Guarantee. The most common method is commercially available insurance.

Local Government owners or operators (Village, City, Borough, and Municipal) can use any of the private mechanisms listed above, plus the following: Local Government Financial Test, Local Government Funds, Local Government Bond Rating Test and Local Government Guarantee.

State or Federal Government owners or operators are exempt from the Financial Responsibility requirements.

How much coverage do I need?

Coverage requirements vary, \$1 million per occurrence and \$1 million annual aggregate is most common. Reference Federal Regulation [Title 40 Subpart H 280.93](#) to determine the requirements for your facility(s). Additional resources can be found on the Alaska DEC webpage at [Financial Responsibility for Underground Storage Tank Owners](#), or on the US EPA webpage at [Resources for UST Owners and Operators](#). You may also contact the UST FR Coordinator with questions.

When must I provide proof of Financial Responsibility?

You must provide proof of your coverage to ADEC in the following situations:

- When a new UST facility is registered with ADEC
- Annually, proof is valid for one year. A renewal is due annually.
- Within 30 days of release from your UST system
- At any time upon ADEC request

How do I provide proof of Financial Responsibility and receive a UST Financial Responsibility Certificate?

Submit the following by email to decustfr@alaska.gov:

1. A completed 2-page [Underground Storage Tank Financial Responsibility Form](#) with two signatures
2. The **certificate of insurance and tank schedule** from the insurance policy (or another form of proof). *This is NOT the Certificate of Liability Insurance. Examples are available upon request from the Financial Responsibility Coordinator.

On receipt of all required documentation ADEC will issue a UST Financial Responsibility certificate and email it to the owner of the UST. The certificate must be at the facility and readily available for inspections.



Alaska Department of Environmental Conservation UST Financial Responsibility Contact Information:

Email : decustfr@alaska.gov

Phone : (907) 269-7579

Fax : (907) 465-5245

APPLICATION QUESTIONS

Who is required to get coverage, the owner, or the operator?

Only one party (of your choice) is required to provide proof. However, both parties are liable in the event of non-compliance.

Can I use more than one type of mechanism to meet Financial Responsibility requirements?

Yes. You can use any combination of mechanisms to meet your minimum requirements.

I own more than one facility. Do I need a separate Financial Responsibility document for each?

No. The coverage is for the policyholder. This means that you can acquire a mechanism, such as an insurance policy, which covers tanks at all facilities. You will however be required to show that your policy covers all your facilities.

INSURANCE QUESTIONS

Where can I start my search for UST insurance?

UST insurance is sometimes called Pollution Liability coverage. US EPA keeps a [List Of Insurance Providers For UST Financial Responsibility Requirements](#). You can also contact insurance brokers in Alaska for quotes.

Doesn't insurance cost too much for me?

Insurance ultimately protects against spill clean-up costs and liability. National insurance companies provide pollution liability insurance to cover the UST Financial Responsibility requirement. The exact amount will vary depending on the specifics of your facility. Lack of coverage can make you subject to EPA fines and prevent or delay current tank tags from being issued and does not relieve you of the costs of cleanup or third-party claims for personal injury or property damage.

I'm closing my tanks; do I still need to maintain financial responsibility?

Yes, until all permanent closure procedures have been completed satisfactorily - including a final site assessment. Coverage is required to be in place during the closure process in case contamination is found, as you're responsible for all clean-up costs and third-party claims. Contact the UST FR Coordinator for further information.

OTHER COVERAGE METHODS

What does "self-insurance" mean and how do I qualify?

You must have at least \$10 million of "tangible net worth" to qualify. In addition, you will be required to provide a letter from the Chief Financial Officer, which includes completing and passing a Financial Test.

Does the State of Alaska provide coverage through the issuance of a State Fund?

No, there is no Alaska State fund in place.

Why a "Certificate of Insurance" and not a "Certificate of Liability Insurance" from the broker?

A "Certificate of Insurance" has federally required policy language regarding corrective action and 3rd party compensation that will not be provided on the "Certificate of Liability Insurance."

What if there is contamination at my facility? Am I still able to get insurance coverage?

Yes. A number of policies provide coverage even at sites with existing contamination. You may be required to prove at least one of the following: that the contamination is historic; that you have upgraded your UST system to 1998 standards; or that you are working with ADEC to clean up the site.

ADDITIONAL RESOURCES

Alaska DEC UST FR Webpage:
[Financial Responsibility for Underground Storage Tank Owners \(alaska.gov\)](#)

Alaska DEC UST Webpage:
[Underground Storage Tanks \(alaska.gov\)](#)

Code of Federal Regulations:
[eCFR :: 40 CFR Part 280 Subpart H -- Financial Responsibility](#)

US EPA Resources:
[Resources for UST Owners and Operators](#)

**Alaska DEC UST Financial
Responsibility Coordinator**
Phone: (907) 269-7579
Email: decustfr@alaska.gov