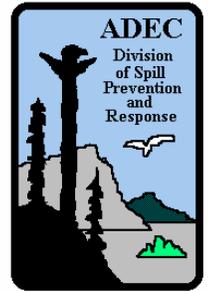


Fact Sheet



Documenting Compliance with Financial Responsibility

Why is Financial Responsibility (FR) Important?

Accidents happen. Spills and releases from underground storage tanks (USTs) happen. Even with the newest underground storage tank systems and monitoring devices, soil and groundwater can become contaminated. By demonstrating compliance with the financial responsibility requirements, tank owners/operators are arranging the financial means necessary to respond quickly when spills, releases or accidents occur at an UST site. Complying with financial responsibility not only protects the environment, but also protects the financial integrity of your business in the case of significant soil or groundwater contamination.

When do I Need to Demonstrate Compliance with FR?

Required annual proof of financial responsibility (FR) began January 1, 1998.

DEC requires proof of Financial Responsible from all applicable owners and operators:

- Annually, when the FR mechanism expires;
- When a facility submits a 'Notification of Change in Ownership' form;
- Within 30 days after a release from an UST;
- Within 30 days after a new installation of an UST;
- During a facility audit;
- Any time when requested by DEC.

DEC authorized third party inspectors will be asking to see documentation during UST inspections. DEC will be taking enforcement action when compliance with FR cannot be documented.

What is Acceptable FR Documentation?

The "Alaska Certification of Financial Responsibility" form and proof of FR are required. The most common form of FR proof is the purchase of an UST environmental liability insurance policy. Upon issuance of a policy, the insurance company is required to issue a "**Certificate of Insurance**" or an "**Endorsement**" that **contains the required wording**. Before submitting the certificate, please be sure to write the UST facility identification number on each page, and next to each address, so that DEC can correctly document compliance.

Exhibit 1 is an example of a certificate of insurance that is necessary to document compliance with FR.

Conditions 1 and 2 contain required language pursuant to 40 CFR 280.97 (b) (2) and identify policy limits, exclusive of legal defense costs.

Send the original "Alaska Certification of Financial Responsibility" along with a copy of the proof of FR. Keep a copy of these at the facility or facility office for audits and inspections.

Financial Responsibility Questions?

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<http://www.dec.state.ak.us/spar/ipp/tanks.htm>

Exhibit 1 – Example of an acceptable Certificate of Insurance

- **Please be sure to write the UST facility ID number(s) on each page of the document**
- All tanks that are registered with DEC must be listed on the certificate of insurance or endorsement. Discrepancies will need to be resolved before compliance is verified. The tanks may be listed within the certificate or endorsement or on a separate page.

Certificate of Insurance

Name of Insured:
Address of Insured

Policy Number
Period of Coverage

Name of Insurer

Address of Insurer *Example of what insurer issues*

Certification:

1. _____ [Name of Insurer or Risk Retention Group], the Insurer, as identified above, hereby certifies that it has issued liability insurance covering the following underground storage tank(s):

[List of tanks at each facility and the name(s) and address(es) of the facility(ies) where the tanks are located.]

Facility Name and Address	Number of Tanks at Facility	Tank Identification Number

for taking corrective action and compensating third parties for bodily injury and property damage caused by accidental releases in accordance with and subject to the limits of liability, exclusions, conditions, and other terms of the policy; arising from operating the underground storage tank(s) identified above.

The limits of liability are \$_____ each occurrence and \$_____ annual aggregate exclusive of legal defense costs, which are subject to a separate limit under the policy. This coverage is provided under _____ [policy number]. The effective date of said policy is _____ [date].

2. The Insurer further certifies the following with respect to the insurance described in Paragraph 1:

a. Bankruptcy or insolvency of the insured shall not relieve the Insurer of its obligations under the policy to which this certificate applies.

b. The Insurer is liable for the payment of amounts within any deductible applicable to the policy to the provider of corrective action or a damaged third-party, with a right of reimbursement by the insured for any such payment made by the Insurer. This provision does not apply with respect to that amount of any deductible for which coverage is demonstrated under another mechanism or combination of mechanisms as specified in 40 CFR 280.95–280.102.

c. Whenever requested by a Director of an implementing agency, the Insurer agrees to furnish to the Director a signed duplicate original of the policy and all endorsements.

d. Cancellation or any other termination of the insurance by the Insurer except for non-payment of premium or misrepresentation by the insured, will be effective only upon written notice and only after the expiration of 60 days after a copy of such written notice is received by the insured. Cancellation for non-payment of premium or misrepresentation by the insured will be effective only upon written notice and only after expiration of a minimum of 10 days after a copy of such written notice is received by the insured.

e. The insurance covers claims otherwise covered by the policy that are reported to the Insurer within six months of the effective date of cancellation or non-renewal of the policy except where the new or renewed policy has the same retroactive date or a retroactive date earlier than that of the prior policy, and which arise out of any covered occurrence that commenced after the policy retroactive date, if applicable, and prior to such policy renewal or termination date. Claims reported during such extended reporting period are subject to the terms, conditions, limits, including limits of liability, and exclusions of the policy.

I hereby certify that the wording of this instrument is identical to the wording in 40 CFR 280.97(b)(2) and that the Insurer is licensed to transact the business of insurance, or eligible to provide insurance as an excess or surplus lines insurer, in one or more states.

_____ [Signature of authorized representative of Insurer]
 _____ [Type name]
 _____ [Title],
 _____ Authorized Representative of [name of Insurer or Risk Retention Group]
 _____ [Address of Representative]