

9477.1988(04)

RCRA/SUPERFUND HOTLINE MONTHLY SUMMARY

OCTOBER 88

2. Financial Assurance

Three treatment, storage and disposal facilities (TSDFs) are wholly owned subsidiaries of one company. The three facilities need financial coverage for nonsudden accidental occurrences: \$3 million per occurrence and \$6 million annual aggregate. Must the parent company provide the \$3 million/\$6 million for each facility (a cumulative of \$9 million/\$18 million) or can all of the facilities be covered by the \$3 million/\$6 million?

An owner or operator of a hazardous waste treatment, storage, or disposal facility, or group of such facilities must demonstrate liability coverage in the amounts of \$3 million per occurrence and \$6 million aggregate (40 CFR Section 264.147(b)). As explained in the April 16, 1982 Federal Register(47 FR 16544), liability coverage is required on an owner or operator basis rather than a facility basis. The annual aggregate coverage requirement takes into account the risk of multiple occurrences among facilities owned by one company (47 FR 16546). Therefore, the company that owns three TSDFs as subsidiaries is only required to have \$3 million/\$6 million nonsudden accidental coverage, not \$9 million/\$18 million.

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