

9477.1987(05)

RCRA/SUPERFUND HOTLINE MONTHLY SUMMARY

JUNE 87

7. Liability Requirements of Subsidiaries

EPA requires that all hazardous waste firms comply with the RCRA third party liability requirements. Besides insurance, compliance can be obtained through the use of the financial test for liability and the corporate guarantee for liability. A hazardous waste company has six different subsidiary firms. This parent corporation has met the requirements of the financial test. Can all six subsidiaries obtain a corporate guarantee from the parent corporation?

Nothing in the regulation prevents the parent from using the corporate guarantee for more than one sub-contractor. But, the required multiples for the financial test must be based on a true aggregate of liability guaranteed.

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