FINANCIAL RESPONSIBILITY REQUIREMENTS FOR UNDERGROUND STORAGE TANKS

N.C. Department of Environmental Quality

Division of Waste Management

UST Section

Underground Storage Tank Financial Responsibility Requirements

Financial Responsibility (FR) is the ability to pay for cleanup or third-party liability costs that result from a release from an UST. The FR requirements became effective on July 1, 1992. The Underground Storage Tank (UST) FR requirements are described in 15A NCAC Subchapter 2O, "Financial Responsibility Requirements for Owners and Operators of USTs." If you own or operate a regulated petroleum UST system, you must ensure, either through insurance or other means, that there will be money available for:

- Cleanup of environmental damage caused by a spill or leak, and
- Third party claims of bodily injury and/or property damage resulting from a release from your UST system(s).

Financial responsibility must be maintained from the time a regulated petroleum UST system is installed until it is permanently closed and all required corrective action is complete. Temporarily closed tanks must still meet the FR requirements.

The state rules are based on federal FR requirements with some minor modifications. If you are in compliance with the North Carolina FR requirements, then you are in compliance with the federal requirements.

Financial Responsibility Applicability

Only regulated petroleum UST systems must meet the FR requirements. Some common examples* of UST systems that must meet the requirements include:

- USTs storing motor fuel for resale or business use.
- Farm USTs greater than 1,100 gallons that store motor fuel.
- Most emergency generator USTs.
- Oil-water separator USTs that are not regulated under the Clean Water Act.
- Waste oil USTs.
- USTs storing heating oil for resale or for use off the premises where stored.

*These are common examples, and not the only UST systems that must have FR. Contact the UST Section to see if your UST system requires FR.

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Do I need to meet the Financial Responsibilty requirements? I am a….	
Tank owner or operator	**Yes:** if the owner and operator are separate entities, only one is required to demonstrate FR. It is the decision of the owner or operator who will meet the FR requirements.
Local government agency	**Yes**
Federal or state agency	**No**

Complying with Financial Responsibility Requirements

Pay mandatory annual tank fees into the North Carolina UST financial assurance fund (also known as the "trust fund").

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Demonstrate ability to pay the trust fund deductible (see below for deductible amounts).

Provided other eligibility requirements are also met, payment of annual tank fees entitles you to be reimbursed with trust fund money for reasonable and necessary costs to cleanup environmental contamination or to pay for third party liability costs, once the trust fund deductibles are met, in excess of a deductible up to $1.5 million with a 20 percent co-payment for costs greater than $1 million. The deductibles are listed below.

Demonstrating Ability to Pay the Trust Fund Deductibles

You demonstrate you can pay the trust fund deductibles by assuring a specific amount of money through any one or a combination of financial mechanisms discussed on the next page:

Trust fund cleanup deductible for upgraded USTs……	**$20,000**
Trust fund third party liability deductible……	**$100,000**
Scaling Factor ……	**+ $600 per tank***
	= Your amount to assure

*Manifolded tanks are considered separate tanks. A compartment tank is considered a single tank.

Examples

Two tanks in North Carolina	**Twenty-five tanks in North Carolina**
$20,000	*$20,000*
$100,000	*$100,000*
+ (2 x $600)	*+ (25 x $600)*
$121,200	*$135,000*

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Financial Mechanisms Used to Demonstrate Financial Responsibility	
Mechanisms available for all	• Insurance and risk retention group (pollution liability insurance) • Surety bond • Letter of credit • Trust fund • Insurance pool
Additional mechanisms for incorporated businesses	• Self-insurance • Corporate guarantee
Additional mechanisms for local governments	• Bond rating test • Local government financial test • Local government guarantee • Local government fund

Financial Responsibility Record-Keeping and Reporting Requirements

You must keep FR documents at your UST facility or business office until the UST system is permanently closed. These documents must be available upon request by the UST Section, or within 30 days after discovering a release from the UST.

Financial Responsibilty Documents to be Maintained	
Mechanism Specific Documents	Specific documents for each of the financial mechanisms. See the North Carolina UST FR Manual for a listing of all required documents for each mechanism.
General Document	A certification of financial responsibility worded the same as the certification of financial responsibility in Appendix M of the North Carolina UST FR Manual. This must be kept in addition to mechanism specific documents.

Contact Us

More specific information on these regulations can be found online at: https://deq.nc.gov/about/divisions/waste-management/ust/forms under "Financial Responsibility" and also the most common FR documents required to be maintained. If you have any questions, please contact the UST Section Central Office at (919) 707-8171.

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