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# Self-Insurance for Companies with Multiple Cleanup Liabilities Presents Financial and Environmental Risks for EPA and the Public: U.S. EPA Office of Inspector General December 22nd Report

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The United States Environmental Protection Agency (“EPA”) Office of Inspector General (“OIG”) issued a December 22nd report titled:

*Self-Insurance for Companies with Multiple Cleanup Liabilities Presents Financial and Environmental Risks for EPA and the Public (“Report”)*

OIG evaluated EPA’s ability to reduce taxpayer environmental liabilities through the use of financial assurance instruments at both Resource Conservation and Recovery Act (“RCRA”) facilities and Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) sites.

The questions addressed by the *Report* included:

- Are all environmental liabilities (for both RCRA and CERCLA programs) included in financial assurance evaluations?
- Does the EPA review nationwide RCRA and CERCLA financial liabilities for companies with multiple facilities/sites to verify that financial assurance mechanisms are valid?

Financial assurance instruments are utilized to provide for the current and future obligations of private parties engaged in RCRA and CERCLA remedial actions. They can include both self-insurance mechanisms along with assurance provided by third parties. Such mechanisms are intended to provide documentation for proof that the facility owner or operator can provide for the closure, post-closure, or remediation of contaminated sites.

The OIG *Report* addresses companies with multiple environmental liabilities that utilize self-insurance instruments. Such self-insurance instruments would include financial tests demonstrating or corporate guarantees stating that enough assets are available to cover liabilities.

The December 22nd *Report* concludes that EPA does not always include and verify all self-insured environmental cleanup liabilities in assessing corporate self-insurance. By way of example, OIG contends that most RCRA regulations and CERCLA guidance do not require full disclosure of all environmental

liabilities. The federal agency is stated to lack the information needed to independently validate all forms of self-insured liabilities.

An additional concern is the absence of an agency data system with the capability to track multiple environmental liabilities. The deficiency is stated to include a lack of resources and technical ability to validate self-insurance for companies with multiple environmental liabilities (noting that survey responses from 10 EPA regions indicate 70% of respondents believe insufficient staff training and expertise are moderate/extreme barriers to efficient management and review of financial assurance instruments).

[A link to the Report can be found here.](#)