



TCEQ REGULATORY GUIDANCE

Program Support and Environmental Assistance Division
RG-475i • Revised February 2025

Financial Assurance for Underground Storage Tanks

This is *module i* of the PST Super Guide, a comprehensive guide to issues relating to petroleum storage tanks (PSTs). This super guide provides an overview of laws and regulations for PSTs, and it can be used as an aid in minimizing potential risks. The guide does not replace laws and regulations which take precedence over any information in this publication.

Who should use this guide?

Underground storage tank (UST) owners and operators should use *module i* to understand the rules and procedures related to financial assurance for USTs. UST owners and operators should note the following:

- You, the owner or operator of a PST, are responsible for ensuring compliance with all applicable laws and regulations.
- If your PST system is in Medina, Bexar, Comal, Kinney, Uvalde, Hays, Travis, or Williamson County, additional requirements related to protecting the Edwards or the Trinity Aquifer may apply ([Title 30, Texas Administrative Code \[30 TAC\]](#),¹ Chapter 213 and 214).
- In addition to TCEQ rules, local governments and other state and federal agencies may have rules that apply.

For more compliance information, contact Small Business and Local Government Assistance at 800-447-2827 or TexasEnviroHelp@tceq.texas.gov.

What is financial assurance?

Financial assurance ensures that owners and operators can pay for the cleanup of a leak or release from a UST system. It is also known as “financial responsibility” and should be an approved mechanism, such as an insurance policy.

Under [30 TAC Chapter 37, Subchapter I](#),² owners and operators of USTs must demonstrate financial assurance for **corrective action** and **third-party liability**.

- **Corrective action** covers the cost of action to remediate the effects of an accidental release from the operation of a UST.

1. www.tceq.texas.gov/goto/view-30tac
2. www.tceq.texas.gov/goto/pst-financial-assurance

- **Third-party liability** compensates third parties for bodily injury and property damage caused by an accidental release from the operation of a UST.

Only one person, the owner or operator, must demonstrate financial assurance; however, both owner and operator are liable in the event of noncompliance.

Note: Proof of financial assurance (e.g., an insurance policy “endorsement” page) must accompany your annual self-certification submission in [STEERS](#)³ or with the [UST Registration and Self-Certification Form](#)⁴ (Form-0724). For more information about submitting self-certifications, please see our [Petroleum Storage Tank Registration and Self-Certification guidance](#)⁵ (RG-475d).

Why do I need financial assurance?

It is important to be prepared for the cost of cleanup so it can begin as quickly as possible. Without fast action at a site, contamination can spread and increase the chance of damage to the environment and human health.

Complying with the financial responsibility requirements also protects you as an owner or operator of a UST. If your UST leaks, you may be faced with expensive cleanup costs and lawsuits from third parties.

TCEQ will not issue delivery certificates until it has verified acceptable financial assurance. In addition, failure to produce evidence of financial assurance, when requested by an inspector or other TCEQ employee, could result in violations, fines, or shutdown.

What are my options?

You may choose from any of the listed options for financial assurance:

- **Insurance** – obtained from an insurance agent.
- **Financial test** – self-insurance used only by the largest companies.
- **Corporate guarantee** – self-insurance provided by the parent company of the owner or operator.
- **Surety bond** – obtained from an insurance agent.
- **Letter of credit** – obtained from a financial institution such as a bank.
- **Trust** – set up with a financial institution such as a bank.
- **Local government mechanisms** ([40 Code of Federal Regulations \[40 CFR\], Sections 280.104-280.107](#)⁶) – local government bond rating tests, local government financial tests, local government guarantees, and local government funds are all options.

Using a combination of options is allowed to achieve the required amount of financial assurance coverage.

3. www3.tceq.texas.gov/steers/

4. www.tceq.texas.gov/downloads/permitting/waste-registration/forms/pst/0724.pdf

5. www.tceq.texas.gov/downloads/assistance/publications/rg-475d.pdf

6. www.ecfr.gov/current/title-40/chapter-I/subchapter-I/part-280/subpart-H

Options worded per 40 CFR Chapter 280 are not acceptable, except for the local government financial test, which should be worded in accordance with that chapter.

How much coverage is needed?

Financial assurance has both **per occurrence** and **annual aggregate** requirements for minimum coverage.

- **Per occurrence** refers to the amount of funds that must be available to pay the costs from each occurrence of a leaking UST.
- **Annual aggregate** is the total amount of funds available for all accidental leaks that might occur in one year.

The amount of financial responsibility coverage you need is determined by the type of business you operate, the throughput of your tanks, and the number of tanks you own.

Per occurrence coverage amounts:

- **\$1 million:** USTs located at petroleum marketing facilities **or** that handle more than 10,000 gallons of petroleum per month.
- **\$500,000:** All other owners and operators.

Annual aggregate coverage amounts:

- **\$1 million:** If you own 100 tanks or fewer.
- **\$2 million:** If you own more than 100 tanks.

The required per occurrence and annual aggregate coverage amounts do not, in any way, limit the liability of the owner or operator. Tank owners may find that higher coverage limits are not much more expensive.

What is tank insurance?

Insurance is the most common financial assurance mechanism selected by owners or operators. General liability policies do not cover pollution events and do not meet regulatory requirements. In the industry, the required insurance is sometimes known as *pollution liability for underground storage tanks*. Most major insurance companies will supply the certificate of insurance required by 30 TAC Chapter 37 as evidence of coverage within the policy. You must use an insurer that is licensed in Texas to transact the business of insurance, or who is eligible as a surplus line insurer. Make sure your TCEQ Facility ID (PST Registration Number) is included on your insurance endorsement page or certificate of insurance. The owner and operator, facility ID and location, and tank information on your proof of insurance must match the information provided in your self-certification submission.

Rules also allow an endorsement worded in accordance with 30 TAC Chapter 37 in lieu of a certificate of insurance, but such endorsements are not used by insurance companies. Certificates from the Association for Cooperative Operations Research and Development are included with policies but are not acceptable proof of coverage.

How do I file a tank insurance claim?

Tank owners and operators should be aware of their insurance policy's requirements for filing a successful insurance claim. Pay particular attention to the following:

- Technical compliance with tank regulations, including proper use of release-detection methods, may affect your ability to make a successful claim.
- Your policy may require prompt reporting of suspected or confirmed releases and the filing of a claim within a specific time period. Report suspected or confirmed releases to TCEQ within 24 hours of their occurrence. This is also a good time to notify your insurance company of the suspected or confirmed release.
- Sale or transfer of a business or property does not transfer policy coverage to a new tank owner. The new tank owner must obtain their own coverage.
- Pre-existing contamination may pose issues for the coverage of cleanup. Be sure to investigate property conditions.

How long do I need to keep financial assurance?

Maintain financial assurance until the tanks are permanently removed from service. If a tank requires corrective action, you must maintain financial assurance until the action is completed and you permanently remove the tank from service. If your financial assurance terminates, you must empty any tanks within 90 days or re-obtain financial assurance.

Temporarily out of service tanks also need financial assurance coverage **unless** they are empty and a licensed corrective action specialist conducts a site check. See our [Temporarily Removing Petroleum Storage Tanks from Service guidance](#)⁷ (RG-475l) for more information.

TCEQ recommends that you maintain financial assurance until you have received notice from TCEQ that a release has not occurred.

What records do I need to keep?

Maintain a financial assurance record worded exactly as required by [30 TAC Chapter 37, Subchapter I](#)⁸ for the life of the UST system. Upon request, you must be able to retrieve records stored off-site in a timely manner and supply documentation for your chosen financial assurance option(s) to TCEQ.

Different types of records are required for the different financial assurance options. The wording of your records should match the "Attached Graphic" linked in the section of the rules ([30 TAC Chapter 37, Subchapter I](#)) that corresponds to your chosen coverage option.

7. www.tceq.texas.gov/downloads/assistance/publications/rg-475l.pdf

8. www.tceq.texas.gov/goto/pst-financial-assurance

- If you are using an **insurance policy or risk retention group coverage**, you must maintain a copy of the signed policy with the endorsement or certificate of insurance and any amendments to the agreements.
- When using a **financial test (including a local government financial test) or a guarantee**, you must maintain a copy of the chief financial officer's letter based on year-end financial statements for the most recent completed financial-reporting year. Update this documentation each year within 120 days after the close of the financial reporting year.
- If you are using a **guarantee, surety bond, or letter of credit**, you must maintain a copy of the signed guarantee, surety bond, or letter of credit as applicable. These mechanisms also require that you maintain a copy of the signed standby trust fund agreement, a copy of the formal certification of acknowledgment, and copies of any amendments to the agreement.
- If you are using one of the **local government mechanisms**, you must maintain records in accordance with [40 CFR 280.111](#).⁹

Where do I find more information?

Find complete requirements in [30 TAC](#)¹⁰ for:

- Laws and regulations about the PST Program (30 TAC Chapter 334)
- Financial Assurance (30 TAC Chapter 37, Subchapter I)
- Tanks in the Edwards Aquifer (30 TAC Chapter 213)
- Tanks over other aquifers (30 TAC Chapter 214)

Other online resources include:

- [PST compliance resources](#)¹¹ developed by our Small Business and Local Government Assistance program.
- The [Financial Assurance Requirements webpage](#)¹² developed by the PST Registration program.
- The [Petroleum Storage Tanks webpage](#)¹³ contains links to webpages on registering PSTs, the technical requirements for regulated PSTs, and leaking petroleum storage tank cleanup.
- [A Guide to Creating an Account in STEERS E-Permitting](#)¹⁴ (RG-531a)
- [Financial assurance](#)¹⁵ information for PST facilities or contact the Financial Assurance Section at 512-239-0300.
- [TCEQ form and publication search](#).¹⁶

9. www.ecfr.gov/current/title-40/chapter-I/subchapter-I/part-280/subpart-H/section-280.111

10. www.tceq.texas.gov/goto/view-30tac

11. www.tceq.texas.gov/assistance/industry/pst/

12. www.tceq.texas.gov/permitting/registration/pst/financial-assurance-requirements-underground-petroleum-storage-tanks

13. www.tceq.texas.gov/permitting/pst_cert.html

14. www.tceq.texas.gov/downloads/assistance/publications/rg-531a.pdf

15. www.tceq.texas.gov/agency/financial/financial-assurance/pst_systems.html

16. www.tceq.texas.gov/publications