Kansas Administrative Regulations

Department of Health and Environment

Article 29.—Solid Waste Management—Part 10. Financial Requirements.

28-29-2107. Financial assurance provided by insurance.

(a) Insurance policy. Any owner or operator of a permitted solid waste disposal area or processing facility may satisfy the requirements of K.A.R. 28-29-2101 or K.A.R. 28-29-2102, or both, by obtaining an insurance policy that conforms to the requirements of this regulation and by submitting to the department a copy of the insurance policy with an original signature, including all riders and endorsements, and an insurance certificate.

(1) The owner or operator of a new facility shall submit the insurance policy, riders, endorsements, and certificate to the department before the permit is issued by the department.

(2) Each owner or operator required to provide financial assurance for a corrective action plan shall submit the insurance policy, riders, endorsements, and certificate to the department within the times specified in K.A.R. 28-29-2102 (d).

(3) The insuring institution shall meet the following criteria:

(A) Be unrelated to the owner or operator;

(B) be licensed to transact the business of insurance by an agency of a state; and

(C) be listed as a surplus or excess lines carrier in Kansas.

(b) Form of the insurance certificate. The wording of the insurance certificate shall be identical to the wording in the document provided by the department.

(c) Amount of insurance. The insurance policy shall be issued for a face amount at least equal to the current cost estimate for closure or postclosure, or both, or at least in the amount of the current cost estimate for corrective action for the entire corrective action period, exclusive of legal defense costs. The term "face amount" shall mean the total amount the insurer is obligated to pay under the policy. Actual payments under the

policy by the insurer shall not change the face amount, although the future liability of the insurer shall be lowered by the amount of the payments.

(d) Provisions of the insurance policy. An insurance policy issued for closure, postclosure, corrective action, or a combination of these, shall guarantee that funds are available to pay for the actions required by the closure plan, postclosure plan, corrective action plan, or any combination of these, whenever required. The policy shall also guarantee that once final closure, postclosure, corrective action, or any combination of these, begins, the insurer will be obligated to disburse funds up to the face amount of the policy, at the direction of the department. The insurer shall not exercise discretion to determine whether the expenses incurred for closure, postclosure, corrective action, or any combination of these, are ordinary, necessary, or prudent, if disbursement is required by the department.

(e) Reimbursement of expenditures. After closure, postclosure, or corrective action, or any combination of these, has begun, an owner or operator or any other authorized person may request reimbursement of expenditures by submitting itemized statements with documentation to the department. The itemized statements shall be evaluated by the department. The expenditures listed shall be approved or disapproved by the department. After evaluating the itemized statements, payment from the insurer for approved expenditures may be authorized by the department if the remaining face amount of the insurance policy is sufficient to cover any remaining costs of closure, postclosure, corrective action, or any combination of these. If the department believes that future costs of closure, postclosure, corrective action, or any combination of these, will exceed the remaining face amount of the policy, authorization for payment may be withheld by the department.

(f) Requirement to maintain the insurance policy in force. The owner or operator shall maintain the insurance policy for closure, postclosure, corrective action, or any combination of these, in force until the department consents, in writing, to its termination. Failure to pay the premium when due, without substitution of alternate financial assurance as specified by K.A.R. 28-29-2101(b), shall constitute a violation of these regulations. The owner or operator shall be in violation if the department receives

notice of future cancellation, termination, or failure to renew due to nonpayment of the premium, rather than on the date the policy is actually terminated.

(g) Assignment of the insurance to successive owners or operators. Each policy of insurance shall contain a provision allowing assignment of the policy to a successor owner or operator. This assignment may be conditional upon consent of the insurer, which shall not be unreasonably withheld.

(h) Cancellation of the insurance by the insurer. The policy of insurance for closure, postclosure, corrective action, or any combination of these, shall stipulate that the insurer not cancel, terminate, or fail to renew the policy except for failure to pay the premium. The automatic renewal of the policy shall, at a minimum, provide the insured with the option of renewal at the face amount of the expiring policy. If there is failure to pay the premium, the insurer may elect to cancel, terminate, or fail to renew the policy by sending notice by certified mail to both the owner or operator and the department. The cancellation, termination, or failure to renew shall not occur during the 120 days beginning with the date by which both the owner or operator and the department have received notice, as evidenced by the return receipts. Cancellation, termination, or failure to renew shall not occur, and the policy shall remain in full force and effect if, on or before the date of expiration, one or more of the following events occur:

(1) The department determines the facility has been abandoned.

(2) The facility permit is terminated or revoked by the department, or a new permit is denied.

(3) The commencement of closure, postclosure, or corrective action, or any combination of these, activities is required by the department or any court of competent jurisdiction.

(4) The owner or operator is named as a debtor in a voluntary or involuntary proceeding under any state or federal bankruptcy law.

(5) The owner or operator fails to provide alternative financial assurance in a form and amount acceptable to the department.

(6) The premium due is paid.

(i) Increased cost estimates. During the active life of the facility, whenever the current cost estimate of closure, postclosure, corrective action, or of any combination of

these, increases to an amount greater than the face amount of the insurance policy, the owner or operator, within 60 days after the increase, shall either cause the face amount of the policy to be increased to an amount at least equal to the current cost estimate of closure, postclosure, corrective action, or any combination of these, and submit evidence of the increase to the department, or shall obtain other financial assurance as specified in K.A.R. 28-29-2101(b) to cover the increase. Whenever the estimated cost of closure, postclosure, corrective action, or any combination of these, decreases, the owner or operator may request approval from the department to decrease the face amount of the policy. The request shall be evaluated by the department, and a decrease in the amount shall be allowed by the department, consistent with its evaluation.

(j) Annual adjustments to the face amount of the policy. Beginning on the date that liability to make payments pursuant to a policy for postclosure begins, the insurer shall annually increase the face amount of the policy. This increase shall be based on the face amount of the policy, less any payments made exclusive of legal defense costs, multiplied by an amount equivalent to 85 percent of the most recent investment rate or 85 percent of the equivalent coupon-issue yield rate announced by the U.S. department of the treasury for 26-week treasury securities.

(k) Termination of the insurance by the owner or operator. The owner or operator may request cancellation of the insurance policy from the department if either of the following occurs:

(1) The owner or operator substitutes an alternative method of financial assurance as specified in K.A.R. 28-29-2101(b) and obtains written approval for its use from the department.

(2) The owner or operator is released by the department or any court of competent jurisdiction from further obligation for closure, postclosure, corrective action, or any combination of these, at the facility.

(l) The provisions of this regulation shall apply on and after February 24, 2000. (Authorized by K.S.A. 1998 Supp. 65-3406; implementing K.S.A. 1998 Supp. 65-3407, as amended by L. 1999, Ch. 112, Sec. 1; effective Feb. 24, 2000.)

***** Authenticated Kansas Administrative Regulation *****