

AB 480 Financial Assurance Mechanisms Study

**Update on
Implementation Plan for
Captive Insurance**

AB 480

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- **AB 480 (Solorio, Chapter 713, Statutes of 2012) temporarily revises the conditions under which the use of captive insurance could be allowed as a financial assurance mechanism for solid waste landfills, while limiting its use to providing not more than 50 percent of an owner's or operator's financial assurance obligation for closure, postclosure maintenance, and corrective action.**

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- **AB 480:**
 - **Requires submittal of a report to the Legislature no later than January 1, 2017 that assesses the ability of captive insurance to serve as an effective financial assurance mechanism.**
 - **Requires completion of a study that will:**
 - **assess the pros and cons of all financial assurance mechanisms;**
 - **assess the level of assurance provided by captive insurance relative to other mechanisms allowed;**
 - **assess any financial liability the state may assume if financial assurance mechanisms fail.**

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- **Authorizes CalRecycle to receive private funds for the purposes of conducting the study necessary to complete the report;**
- **Prohibits use of captive insurance unless sufficient private funds are received to conduct the study;**
- **The Governor's Budget includes \$200,000 for the anticipated cost of the study plus \$60,000 for necessary audits for the 2013/14 fiscal year.**
- **The cost estimate will be posted on CalRecycle's website by March 1, 2013 at:**
<http://www.calrecycle.ca.gov/SWFacilities/Financial>

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- **Next steps for implementation:**
 - **Solicit Request for Proposals for the contracted study;**
 - **Receive funds from participants and determine if sufficient funds provided;**
 - **Section 100 regulation changes (to allow captive insurance);**
 - **Receive and process requests for captive insurance;**
 - **Commence study;**
 - **Complete study; and**
 - **Submit report to Legislature.**

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- Updates on the status of implementing AB 480 can be viewed on CalRecycle's website at:

[http://www.calrecycle.ca.gov/
SWFacilities/Financial/AB480Study/default.htm](http://www.calrecycle.ca.gov/SWFacilities/Financial/AB480Study/default.htm)