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LOS ANGELES COUNTY  
SOLID WASTE MANAGEMENT COMMITTEE/  
INTEGRATED WASTE MANAGEMENT TASK FORCE  
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May 9, 2012

The Honorable Board of Supervisors  
County of Los Angeles  
500 Kenneth Hahn Hall of Administration  
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST TO OPPOSE STATE ASSEMBLY BILL 480 (AMENDED APRIL 30, 2012)  
INSURANCE: SOLID WASTE LANDFILLS**

The Los Angeles County Solid Waste Management Committee/Integrated Waste Management Task Force (Task Force) urges your Board to **oppose** Assembly Bill 480 (AB 480, Solorio) as amended April 30, 2012. If enacted, AB 480 would greatly weaken California's existing insurance requirements regarding private landfill owners/operators' financial assurance obligations toward proper closure, post-closure, and corrective action by allowing operators to rely on captive insurance (where policy holders own the insurance company, i.e. self-insured) and therefore, no longer requiring the owner/operator's insurance carrier to be a California licensed insurer or provide the insurance through a surplus line broker. AB 480 has passed the Assembly and is currently before the Senate Environmental Quality Committee.

Currently, all issuers of insurance policies for landfills must adhere to California Department of Insurance (CDI) licensing requirements in order to address the inadequacy of captive insurance in meeting landfill financial assurance demonstration as specified in the California Code of Regulations, Title 27. The current regulations, which became effective in 2002, were developed by the California Department of Resources Recycling and Recovery (CalRecycle, formerly the California Integrated Waste Management Board) in conjunction with the State Water Resources Control Board after many hearings and significant input by stakeholders including, but not limited to, landfill owners/operators and local governments. Even though private landfill owners/operators have attempted to eliminate or weaken the regulations for many years, these previous attempts have been unsuccessful due to strong local government opposition.

It is important to recognize that a landfill's potential environmental impacts and risk of contamination may exist in perpetuity. For this reason, pursuant to AB 2296 (Montanez, chapter 504 of 2006 statues), Title 27, requires that financial assurance for a landfill be provided until CalRecycle determines that the landfill is no longer a threat to the environment based on field studies and analyses. This requirement ensures the landfill owner/operator will have adequate financial resources to properly close the landfill,

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maintain the facility's environmental control systems, and take any appropriate corrective action in the event of potential environmental contamination. If AB 480 were enacted and a private landfill owner/operator (or a private firm owning/operating more than one landfill in California) who also owns the affected insurance company (self-insured), filed for bankruptcy or walked away from its fiduciary responsibility, it would leave those cities and counties that sent waste to any of the self-insured company's landfills liable for the cost of the landfills' closure, post closure maintenance, and/or corrective actions, and related environmental impairments.

Therefore, any proposal that weakens existing regulations or releases captive insurance companies from CDI requirements would pose an environmental as well as financial risk to the State and more specifically local governments. It is important to recognize that such liability may occur during the time that the landfill is in operation or at any time after closure of the landfill, and that this condition will continue in perpetuity unless CalRecycle determine otherwise. Therefore, the bill's provision providing for a sunset date of five years after its enactment is irrelevant to the issue of liability since there is no constraint as to when and if a self-insured privately owned landfill/operator may file for bankruptcy.

For these reasons, the Task Force respectfully urges your Board to **oppose** AB 480. If you have any questions, please contact Mr. Mike Mohajer of the Task Force at [MikeMohajer@yahoo.com](mailto:MikeMohajer@yahoo.com) or (909) 592-1147.

Sincerely,



Margaret Clark, Vice-Chair  
Los Angeles County Solid Waste Management Committee/  
Integrated Waste Management Task Force and  
Council Member, City of Rosemead

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cc: Chief Executive Officer William T Fujioka  
Executive Office (Sachi A. Hamai)  
Each Member of the Los Angeles County Integrated Waste  
Management Task Force