



## TEXAS RADIATION ADVISORY BOARD

Michael Ford, C.H.P.  
Chair

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April 4, 2005

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Eduardo J. Sanchez, M.D.  
Commissioner  
Texas Department of State Health Services  
Austin, TX 78756

Gentlemen:

Pursuant to HSC § 401.019(1) and (2), the Texas Radiation Advisory Board has evaluated the status of financial assurance regulations for radioactive material users in Texas. Several difficult issues have been identified that need further consideration by the State, the banking and insurance industry, radioactive material licensees and the public.

Changes in insurance rates and in current financial practices have made financial security increasingly difficult to obtain. In most cases, small businesses cannot obtain security and must resort to cash or letters of credit that take valuable capital out of their businesses. The types of financial security instruments acceptable to state agencies are limited. In some cases, licensees must secure their liabilities at two or more agencies using separate financial instruments to secure the same or connected liabilities.

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The Board has concluded that improved means of providing financial assurance are required to ensure that radioactive materials can be used for the benefit of all Texans while still protecting the public interest. One possible remedy would be to develop a program in the Assigned Risk Pool designed by the State Board of Insurance. This solution would provide the financial security needed to keep the Industry sound and provide insurance that is affordable by spreading the risk among the companies participating in the Assigned Risk Pool. As we all know, capital is critical to keep work sites operating at maximum efficiency and safety levels.

I have appointed an Ad Hoc Committee on Financial Assurance to further refine our thoughts on this subject. I believe that it would be most beneficial for the agencies that this Board advises to likewise identify one or more staff contacts who could work with the Board on this very important subject.

Thank you for your consideration. Please let me know if you have questions or would like further discussion.

Sincerely,

Original signed by

Michael S. Ford, C.H.P.  
Chairman

CC: Governor Rick Perry  
Mark Worman, Texas Department of Insurance