



Kentucky
Department for Surface Mining
Reclamation and Enforcement

Reclamation Advisory Memorandum

From: Elmore C. Grim, Commissioner *E.C.G.*
Subject: Standard Forms for Certificates of Liability Insurance

Date: February 15, 1983

RAM# 59

Permanent program rules (405 KAR 10:030 Section 4) require that each operator file a certificate of liability insurance as part of his permit application. By Reclamation Advisory Memorandum No. 47, dated August 25, 1982, the department stated that it would allow applicants to submit the certificate of liability insurance at the time of bond submission, that is, just prior to issuance of the permit rather than at the time of the initial application.

This department has already begun to receive certificates of liability insurance provided by insurance companies on their own forms. Many of the certificates are not acceptable because they do not clearly indicate that the applicable insurance policy conforms to the regulatory requirements. The above referenced regulation provides that a certificate must be submitted for each permit area. Minimum insurance coverage for bodily injury shall be \$300,000 for each occurrence and \$500,000 aggregate. Minimum insurance coverage for property damage shall be \$300,000 for each occurrence and \$500,000 aggregate. Coverage for property damage and bodily injury cannot be combined. The policies must cover damage caused by the use of explosives and damage to water wells. It is apparent from some of the certificates received that some existing policies do not provide coverage satisfying the regulations.

Because of the variation in the certificates of liability insurance, the department has printed its own standard certificate, which must be submitted with all permanent program permit applications before the permit will be issued. These standard forms are now available in the regional offices. The department is also sending the standard forms to each applicant who submitted a comprehensive transition application, along with a letter requesting that each applicant have his insurance company issue or reissue a certificate of liability insurance for each permit on the standard form. Clearly, the insurance policy itself must meet the requirements of the regulations in order for the certificates to be accurate. The standard form contains the regulatory requirements on the back.

Certificate of Liability Insurance

Issued to: Kentucky Department for
Surface Mining Reclamation and Enforcement
(hereinafter called DEPARTMENT)

Natural Resources and Environmental Protection Cabinet
Frankfort, Kentucky 40601

THIS IS TO CERTIFY, That the _____
(Name of Insurance Company)

of _____
(Home Office Address of Company)

has issued to _____ of
(Name of Permit Applicant)

_____ Policy No. _____
(Address of Permit Applicant)

effective from _____, 19____, and continuing until canceled
as provided herein, which policy provides personal injury and property damage
insurance covering the obligations imposed upon such permit applicant with regard
to Permit No. _____ by the provisions of the surface coal mining
law of the Commonwealth of Kentucky (KRS Chapter 350) or regulations promulgated
in accordance therewith. (405 KAR 10:030 Section 4)

Underwriting Agent _____

Company Name _____ Phone _____

Address _____

The above-named insurance company agrees to notify the Department in writing
of any substantive change in the above coverage, including cancellation, failure
to renew, or other material change, such change to be effective no less than
twenty (20) days after such notice is received by the Department.

All notices of material change, including cancellation and failure to renew,
shall be made on Form No. SME-30 and shall be sent to Director, Division of Field
Services, Department for Surface Mining Reclamation and Enforcement, Frankfort,
Kentucky 40601.

The above information is true and complete to the best of my knowledge and
belief.

Date Signature of Authorized Representative of Insurance Company

NOTE: The person who signs for insurer must file with the certificate a copy
of the Power of Attorney showing authority to sign.

405 KAR 10:030E

Section 4. Terms and conditions for liability insurance.

(1) The applicant shall submit at the time of permit application, proof that the applicant has a public liability insurance policy in force for the surface coal mining and reclamation operation for which the permit is sought. The policy shall provide for personal injury and property damage protection in an amount adequate to compensate all persons injured or property damaged as a result of surface coal mining and reclamation operations, including use of explosives and damage to water wells. Minimum insurance coverage for bodily injury shall be \$300,000 for each occurrence and \$500,000 aggregate; and minimum insurance coverage for property damage shall be \$300,000 for each occurrence and \$500,000 aggregate.

(2) The policy shall be maintained in full force during the term of the permit or any renewal thereof, including completion of all reclamation operations under Title 405, Chapters 7 through 24.

(3) The policy shall include a clause requiring that the insurer notify the department whenever substantive changes are made in the policy, including any termination or failure to renew.

(4) Upon the incapacity of an insurer by reason of bankruptcy, insolvency or suspension or revocation of its license or certificate of authority, the permittee shall be deemed to be without insurance coverage in violation of this section. The department shall issue a notice of noncompliance against any permittee who is without insurance coverage. The notice shall specify a reasonable period to replace such coverage, not to exceed ninety (90) days. During this period, the department shall conduct weekly inspections to ensure continuing compliance with other requirements of this Title and the permit. Such notice of noncompliance, if abated within the period allowed, shall not be counted as a notice of noncompliance for purposes of determining a "pattern of violation" under 405 KAR 7:090E and need not be reported as a past notice of noncompliance in permit applications under KRS Chapter 350 and Title 405, Chapters 7 through 24. If such a notice of noncompliance is not abated in accordance with the schedule, an order for cessation and immediate compliance shall be issued.

Notice of Cancellation, Non-Renewal or Change of Liability Insurance

Kentucky Department for
Surface Mining Reclamation and Enforcement
(hereinafter called DEPARTMENT)
Natural Resources and Environmental Protection Cabinet
Frankfort, Kentucky 40601

Permit No. _____ Policy No. _____

This is to advise that under the terms of a policy or policies issued to:

(Name of Permittee)

of _____

(Address of Permittee)

by _____

(Name of Insurance Company)

of _____

(Address of Insurance Company)

said policy or policies, including any and all endorsements forming a part thereof or certificates issued in connection therewith, is (are) hereby

CANCELLED

MATERIALLY CHANGED

NOT RENEWED

effective _____, 19____, provided such date is not less than twenty (20) days after the actual receipt of this notice by the Department.

If this is a notice of material change, describe change: _____

_____ Date

_____ Signature of Authorized Representative
of Insurance Company

Filed with the Director, Division of Field Services, Department for Surface Mining Reclamation and Enforcement, Frankfort, Kentucky 40601.