

## **DRAFT**

### **TECHNICAL GUIDANCE 562-2500-702 INSURANCE REQUIREMENT FOR SURFACE COAL MINES AND LARGE NONCOAL MINES**

#### **IMPACT ANALYSIS**

**A. GUIDANCE IMPLEMENTS LAWS OR REGULATIONS MORE STRINGENT THAN FEDERAL REQUIREMENTS**

The insurance and bonding requirements of this guidance are consistent with the Department's regulations, which impose a greater liability coverage than the provisions of the federal coal mining regulations. There are no federal requirements for noncoal mining.

**B. PRESCRIPTIVE OR TECHNOLOGY SPECIFIC GUIDANCE:**

The guidance is a clarification of the insurance and bond requirements of Chapters 77 and 86 of the Departments Rules and Regulations pertaining to insurance requirements for bodily injury, property damage and water supply replacement. It is no more prescriptive or technology specific than the requirements in these regulations.

**C. AFFECTED REGULATED COMMUNITY:**

This guidance applies to all operators of surface coal mining activities and mining activities conducted by large noncoal licensees. There are approximately 440 coal mining operators and 340 large noncoal licensees.

**D. ECONOMIC IMPACT - REGULATED COMMUNITY:**

Implementation of this guidance will impact operators of coal mining activities and mining activities conducted by large noncoal licensees whose surface mining activities endanger a public water supply or a large number of private water supplies, by requiring those operators to provide additional liability insurance or bonds to assure water supply replacement. The Department expects that only a few operators will be affected. For the majority of operators, this guidance is a clarification of existing regulations and will not impose economic impacts beyond those already specified in the regulations.

**E. ECONOMIC IMPACT - DEP:**

Implementation of this guidance, in most instances, should result in only a minimal increase in the workload of staff reviewing insurance requirements for surface coal mining activities and large noncoal mining activities. District Office permit reviewers will have to determine which mine sites have water supplies that may be impacted and the number of water supplies that will be impacted on each site. If the number of water supplies that will be impacted is small, the existing minimum insurance requirements will typically be adequate to cover potential water supply replacement liability. In instances

where either the number of water supplies is substantial or where a public water supply may be impacted, the permit reviewer will need to estimate the cost of replacement and request additional insurance or bond. Operators or licensees that will require additional insurance or bond should be less than 6 percent of the total. It is estimated that an additional 4 hours of review time may be required in situations where additional insurance or bond is required.

**F. COMPLIANCE ASSISTANCE:**

This guidance provides compliance assistance. It clarifies the requirements of the regulations and offers appendices to assist with water supply replacement cost calculations.

**G. POLLUTION PREVENTION:**

This guidance assures a remedy for water supplies that are adversely impacted in quantity or quality by mining, by making sure that there will be sufficient insurance or bond to replace or restore the water supply.

**H. DEP REVIEWS AND APPROVALS:**

The review and approval process should have little or no impact on the Department's ability to meet the Money-Back timetables.

**I. RELATIONSHIP TO EXISTING GUIDANCE:**

This guidance document updates a guidance document dealing with the same subject. The document that it replaces is dated May 30, 1997. This document addresses liability coverage for bodily injury, property damage, and water supply replacement. Long-term operation and maintenance costs for replacement water supplies are addressed by 563-2112-605, Water Supply Replacement and Permitting, and 562-4000-101, Water Supply Replacement and Compliance.

**J. CONTROVERSIAL ASPECTS OF GUIDANCE:**

In only a small percentage of cases should this guidance result in a request for more than the minimum amount of insurance. The Department is not expecting this guidance to generate controversy.