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U. S. DEPARTMENT OF THE INTERIOR  
OFFICE OF SURFACE MINING  
RECLAMATION AND ENFORCEMENT  
**DIRECTIVES SYSTEM**

Subject Number:  
REG-16

Transmittal Number:  
491

Date: 11/29/88

Subject:

Bond Guarantor Insolvencies and Liquidation Actions

Approval:

Title: Deputy  
Director

1. Purpose. This directive establishes reporting requirements for the Office of Surface Mining Reclamation and Enforcement (OSMRE) concerning surety company and other guarantor failures associated with performance bonds.
2. Summary. This directive reflects the following changes to OSMRE Directive REG-16 dated August 28, 1987.
  - a. Quarterly reporting of surety insolvencies are now terminated.
  - b. Insolvency reports are to be produced whenever a Field Office receives notification of a new insolvency.
  - c. The format for the insolvency report has been revised.
3. Definition. None.
4. Policy/Procedures.
  - a. Background. In August 1987, Directive REG-16 was issued to provide for quarterly reporting of surety insolvencies. After receipt of several reports, it is apparent that the status of surety insolvencies changes little from quarter to quarter and there is no need to continue the reporting of existing information.
  - b. Policy. It is the policy of OSMRE to notify the States as soon as possible of surety company and other guarantor failures.
  - c. Responsibilities.
    - (1) Field Office Directors (FOD's) are responsible for notifying the Division of Technical Services whenever they become aware of a bond guarantor insolvency occurring within their respective States. FOD's are also responsible for notifying their State regulatory authorities on surety liquidation actions, including any copies of orders of liquidation and public notices, whenever notified by Headquarters.

(2) Division of Technical Services (DTS) is responsible for the dissemination of all information received by OSMRE on surety liquidation proceedings. In addition, DTS will notify all FOD's of other insolvency actions whenever it becomes aware of such information.

d. Procedures.

(1) Whenever any Office receives notification of an insolvency action involving a surety, bank or company guaranteeing the performance of an operator that is conducting surface coal mining operations, it shall submit that information to the Chief, Division of Technical Services. The information should be in the format of the Appendix A.

(2) The information should be provided within five working days. Transmission of the information should be by electronic means ("E-mail") or by overnight mail.

(3) The Division of Technical Services will notify all other Field Offices of the bond guarantor insolvency so that appropriate action can be taken to have the bond replaced.

5. Reporting Requirements. As described above.
6. Effect on Other Documents. This directive supersedes REG-16 dated August 28, 1987.
7. References. None.
8. Effective Date: Upon Issuance.
9. Contact: Chief, Division of Technical Services, (202)-343-1475.
10. Keywords. Bond guarantor, surety, insolvency, insolvency report.
11. Appendices. Appendix A: Bond Insolvency Report Form  
Appendix B: Instructions for Completing Insolvency Report.



Appendix B

Instruction for Completing Insolvency Report

Name of Insolvent Guarantor - Enter the name of the bank, surety or guarantor of a self-bond who has been declared insolvent by a State Insurance Commission or a Court. The name of a guarantor that has not yet be declared insolvent, but has had its State license suspended or is undergoing an audit may be noted with an asterisk and explained in the "comments" section.

Active Permits - Those permits which are producing coal or in reclamation at the time of the insolvency.

Inactive Permits - Those permits which are not producing coal or are in reclamation at the time of the insolvency.

Permit Bonds Replaced - The number of permits which have been replaced by another guarantee of performance of reclamation.

Amount of Bonds - The outstanding (unreleased) amount of bond held by the insolvent guarantor.

Comments - Any additional information, qualifications or explanation to be added.