CHAPTER 4-150
AML SUBSIDENCE INSURANCE PROGRAM

4-150-00 What does this chapter do?

This chapter explains the rules governing the subsidence insurance program. As a state or tribe with an approved reclamation program, you may receive subsidence insurance funding through your Abandoned Mine Land (AML) program grant from us, the Office of Surface Mining Reclamation and Enforcement (OSMRE).

4-150-10 Where do these policies come from?

A.   Section 401(c)(1) of the Surface Mining Control and Reclamation Act of 1977 (SMCRA) authorizes you to operate a subsidence insurance program.

B.   OSMRE regulations at 30 CFR 887 governing the subsidence insurance program provide more information.

4-150-20 What is a subsidence insurance program?

Subsidence insurance programs insure private property against damages caused by land subsidence resulting from underground coal mining. Programs are administered by your state or tribe. They must be self-sustaining.

4-150-30 What types of AML funds and how much funding may you use?

A.   If you have certified that you have completed your coal reclamation priorities, you may use any AML funds for subsidence insurance.

B.   If you are uncertified, you may only use state or tribal share funds for subsidence insurance funding. State/Tribal share is authorized in section 402(g)(1) of SMCRA and abbreviated as SS in our accounting system.

C.   Total cumulative subsidence insurance funding for each state or tribe must not exceed $3,000,000. We may award funds up to this total in one single AML grant or in a series of grants.

D.   Our regional or field office must ensure that these requirements are met when it awards your grant.

E.   Please refer to Chapter 4-500 for a full listing of available AML fund types.

4-150-40 How does subsidence insurance funding work in your AML grant?

A.   We will award subsidence insurance funds as a subaccount within your annual AML grant.

B.   Your application must include a statement in the program narrative describing how you will use the funds to achieve a self-sustaining, individual state or tribal administered program to insure private property against subsidence resulting from underground coal mining. It must also describe how the program is "state-administered" or "tribal-administered".

C.   The performance period of a subsidence insurance subaccount may be up to eight years.

4-150-50 What costs are allowable and unallowable?

A.   The following costs are allowable with subsidence insurance funds.

        1.   You may cover capitalization requirements and initial reserve requirements mandated by State law. However, you must ensure that your expenditures are consistent with the OMB cost principles in 2 CFR Part 200 Subpart E.

        2.   You may pay administrative costs to establish and operate the subsidence insurance program.

B.   The following costs are unallowable with subsidence insurance funds.

        1.   You must not use AML funds for lands that are not eligible for AML funding under section 404 of SMCRA.

        2.   You must not pay for subsidence damage caused by active mining.

        3.   You must not pay for actual construction costs of housing or for damages to public property.

4-150-60 How must you use subsidence insurance premiums?

A.   You must treat subsidence insurance premiums as program income. See Chapter 2-210 for guidance on using and reporting program income.

B.   You must use all subsidence insurance premiums received to further the goals of the subsidence insurance program. We authorize you to use program income to add to the program funding (the Addition option).