



**BLBA BULLETIN NO. 12-07**

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**Subject:** Trust Fund Liability for Claims Associated with Expired Surety Bond issued by Frontier Insurance Company

**Background:** The regulations at 20 CFR 725.495(a) (4) require the Trust Fund to be responsible for any claimant in which the self-insured operator does not possess sufficient assets to secure the payment of benefits.

On April 26, 2011, the Office of the Solicitor reached a settlement with Frontier Insurance Company in Rehabilitation and under the Supervision of the New York Insurance Department. As a result of this agreement, we have determined that claims associated with Frontier's surety bond will become the responsibility of the Trust Fund.

**NOTE:** This concerns only Frontier's surety operations. Its commercial policies may still be pursued.

**Purpose:** To provide guidance to DCMWC claims personnel when adjudicating claims involving a self insured Responsible Operator for whom the miner's last and qualifying employment was during a period covered by a bond issued by Frontier Insurance Company. Frontier's Insurance Carrier (IC) ID number in CAPS is "NR263."

Not every Responsible Operator associated with NR263 is identified herein. But information regarding the null and void Frontier bond has been added to the CAPS ROIC Master and/or ROIC Policy screens for coal mine operators who have any insurance coverage identified with IC ID NR263.

**Applicability:** Appropriate DCMWC Personnel

**Action:**

1. Every claim should be fully developed and analyzed to ensure that the miner had a full year of coal mine employment (CME) with, or CME employment subsequent to, his employment with an operator whose self insurance had been secured with a Frontier surety bond, as either of these circumstances may result in the identification of another coal mine operator as potentially liable.

2. If the operator was the last employer for which the miner worked at least one year, and would normally be sent a Notice of Claim under 725.407, there is no need to notify the operator or request a 725.495 statement from the RO Section of BSRP. These claims should be treated as Trust Fund claims.
3. But, in order to maintain a CAPS system 'record' of the relationship of this claim to the now expired Frontier bond, values for the appropriate RO ID and IC ID numbers (NR 263) must be entered/maintained on the Claim Master Screen.
4. The RO Section in BSRP has updated (and will continue to update) the CAPS ROIC Policy Screen with the following information for any operator for whom the Frontier surety bond is/had been identified as the applicable guarantor of an operator's self insurance coverage, for periods starting from December 31, 1983:

"This bond is null and void as a result of the Frontier Insurance Rehabilitation and settlement with the SOL of 2011. Any claims associated with this bond period for <name of RO> would be TF."

5. Claims being held in abeyance and in interim pay status pending a final disposition of the Frontier surety bond may now be converted to TF pay status. Complete the appropriate CM-1261 transaction to change the Benefit Type from Interim Pay ("I") to Trust Fund ("T").
  - a. For example, claims impacted by this settlement include those with the following responsible operator involvement:

Lodestar Energy, Inc. (ROID 0171161), Self Insurance ID NR263

Costain Coal (ROID 0183607), Self Insurance ID (NR263)
  - b. As the National Office/BSRP identifies claims potentially impacted by this settlement, BSRP will notify claims personnel and provide listings of claims to be reviewed for potential conversion from interim pay to TF status.

**Disposition:** Retain this Bulletin until further notice or its incorporation into the Coal Mine (BLBA) Procedure Manual.



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