

**Supporting Statement for Request for Renewal OMB  
2120-0514, Aviation Insurance**

**1. Explain the circumstances that make collection of the information necessary. Include identification of any legal or administrative requirements that necessitate the collection.**

Chapter 443 of Title 49 U.S.C. authorizes the Administrator of the Federal Aviation Administration, acting pursuant to a delegation of authority from the Secretary of Transportation (or subsequent delegated authority), to provide aviation insurance in situations in which the President decides that continuation of air service is necessary for air commerce, national defense or to implement the foreign policy of the United States and the Secretary has determined that aviation insurance is not available on reasonable terms and conditions from commercial sources.

After the September 11, 2001 terrorist attacks, private insurers cancelled third-party liability war risk coverage for air carriers and dramatically increased the cost of what war risk insurance was provided. In response, Congress passed the Surface & Air Transportation Programs Extension Act of 2011 amended chapter 443, which provided for non-flag operations (domestic) and a Presidential determination issued and direction by the Secretary to the FAA to issue premium third party liability policies. This law was expanded by the Homeland Security Act of 2002 (P.L. 107-296) which became effective on November 25, 2002. Among other provisions, it required the Secretary to provide chapter 443 premium war risk insurance coverage for hull losses and passenger and third party liability to air carriers. Various legislation extended those provisions until December 15, 2014, at which time the requirements of the Homeland Security Act of 2002 expired. In the event of a national crisis or a commercial market exit, the FAA, acting on behalf of the Secretary, may be required by law to make similar insurance coverage available for hull losses, death, injury, and property liability to passengers or crew. Any requirements of the FAA to provide insurance issued at a premium will also require that administration of the program be conducted in accordance with commercial practices.

In addition, at the request of the Department of Defense (DOD), non-premium war risk insurance policies have been issued to over 30 operators that are members of the Civil Reserve Air Fleet (CRAF) or direct contractors to DOD supporting the President's initiatives in the Central Area of Command. Active coverage is currently being provided to aircraft operations chartered by to DOD to provide transportation services in support of Enduring Freedom, Iraqi Freedom and operations of the Central Command. Certain information is required from the operator in order to issue, and adjust losses for insurance insured under non-premium policies.

**2. Indicate how, by whom, and for what purpose the information is to be used and the consequence to Federal program policy activities if the collection of information was not conducted.**

Any information submitted by applicants for chapter 443 insurance is used by the FAA to identify the eligibility of parties to be insured, the amount of coverage required, and insurance premiums. Without collection of this information, the FAA would not be able to issue required insurance.

**3. Describe any consideration of the use of improved information technology to reduce burden and any technical or legal obstacles to reducing burden.**

In compliance with the Government Paperwork Elimination Act (GPEA) the FAA has converted its paper files to an automated electronic database for both premium and non-premium insurance. Insurance policy applications, policy issuance, and reconciliation information are provided by and to applicants electronically via the Internet.

**4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose(s) described in 2.**

The FAA knows of no alternative source of the information requested of applicants. To the best of the FAA's knowledge, no other Federal entity collects this information.

**5. If the collection of information impacts small business or other small entities, (Item 5 of OMB Form 83-1) describe the methods used to minimize burden.**

The collection of information from applicants for insurance could involve any operator of an American Aircraft as defined in chapter 443 including firms that the FAA classifies as small businesses. The submission of information is not mandatory. It is a voluntary submission, but is necessary in order for an operator or air carrier to obtain FAA insurance coverage. To minimize the burden of this information collection, the FAA limits its information requirements. The FAA only requires insureds to provide information on desired insurance coverage, estimated and actual activity data specifically covered by the policy over the period of insurance. This information is already collected for other DOT reporting requirements and need only be submitted to the FAA Insurance Program Office. For operators covered by non-premium insurance, copies of their commercial insurance policies must be provided to base FAA coverage on. The information requested is already known to and possessed by the operator involved. Therefore, no burden is placed on the operator, should it elect to apply for chapter 443 insurance.

**6. Describe the consequence to Federal program policy activities if the collection is not conducted, or is conducted less frequently.**

Without collection of this information, the FAA would not be able to issue required insurance.

**7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.5(d)(2)(i)-(viii).**

Information is collected in a manner consistent with the guidelines in 5 CFR 1320.5(d)(2)(i)-(viii)

**8. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed or reported.**

A notice was published in the Federal Register on December 4, 2014, vol. 79, no. 233, page 72055 to provide for a comment period. No comments were received.

**9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.**

FAA has not made any such payments or gifts.

**10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.**

FAA has consummated memoranda of Agreement (MOA) with all program participants that are insured. In the MOA, the FAA agrees to treat financial, activity, and other policy information provided by the participants and their insurance brokers as confidential. The insurance program participants have found this procedure to be satisfactory.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious belief, and other matters that are commonly considered private.**

Applicants for Chapter 443 insurance are not required to provide personal (sensitive) information which commonly would be considered private.

**12. Provide estimates of the hour burden of the collection of information. Also, provide estimates of annualized cost to respondents for the hour burdens for collection of information identifying and using appropriate wage rate categories.**

An application form for non-premium war risk insurance is available online at [https://www.faa.gov/about/office\\_org/headquarters\\_offices/apl/aviation\\_insurance/cfaf\\_info/](https://www.faa.gov/about/office_org/headquarters_offices/apl/aviation_insurance/cfaf_info/). FAA estimates that there will be 61 individual applicants for Chapter 443 insurance annually; some of the individual respondents may submit more than one application annually. FAA estimates that there are approximately 154 total annual responses.

Total Hours/Cost to General Public

Hours:

Premium Program @ 4hrs per policy per period	488
Non-premium Program @ 4hrs per policy per period	128
<b>Total</b>	<b>616</b>

Costs:

Premium Program @ \$41/hr est.	\$20,008
Non-premium Program @ \$41/hr est.	\$5,248
<b>Total</b>	<b>\$25,256</b>

**13. Provide an estimate of the total annual cost to respondents or recordkeepers resulting from the collection of information.**

There are no additional costs not already included in question twelve.

**14. Provide estimates of the annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost.**

Total Hours/Cost of Data collection to Federal Government

Hours –  
Data  
collection:

Premium Program = 2/3 of man year	1386
Non-premium Program = 1/3 of man year	694
<b>Total</b>	<b>2080</b>

Costs –  
Data  
Collection:

Premium Program @ \$53.24 per hour -- GS14 step 5	\$73,790
Non-premium Program @ \$53.24 per hour –	

GS14 step 5  
**Total**

\$36,948  
**\$110,738**

**15. Explain reasons for changes in burden, including the need for any increase.**

There have been no changes to the hourly burden since the previous submission. The public cost burden has been adjusted for inflation since the last report in 2012.

**16. For collections of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis and publication. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

The FAA does not plan to publish information for statistical use. This information is used only to issue Chapter 443 insurance and establish premium rates.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

FAA is not seeking such approval.

**18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

There are no exceptions to the certification statement.