

2133-0011

**SECTION 1202, TITLE XII, MERCHANT  
MARINE ACT, 1936, AS AMENDED.**

**46 CFR Part 308**

## TITLE XII—WAR RISK INSURANCE

**SEC. 1201. DEFINITIONS (46 App. U.S.C. 1281 (2003)).** As used in this title—

(a) The term “American vessels” includes any vessel registered, enrolled, or licensed under the laws of the United States and any undocumented vessel owned or chartered by or made available to the United States or any department or agency thereof and any tug or barge or other watercraft (documented or undocumented) owned by a citizen of the United States used in essential water transportation or in the fishing trade or industry, except watercraft used exclusively in or for sport fishing.

(b) The term “transportation in the water-borne commerce of the United States” includes the operation of vessels in the fishing trade or industry, except watercraft used exclusively in or for sport fishing.

(c) The term “war risks” includes to such extent as the Secretary may determine—

(1) all or any part of any loss that is excluded from marine insurance coverage under a “free of capture or seizure” clause, or under analogous clauses; and

(2) other losses from hostile acts, including confiscation, expropriation, nationalization, or deprivation..

(d) The term “citizen of the United States” includes corporations, partnerships, and associations existing, authorized, or organized under the laws of the United States or any State, district, Territory, or possession thereof.

(e) The term “Secretary” shall mean the Secretary of Transportation.

**SEC. 1202. AUTHORITY TO PROVIDE INSURANCE;  
CONSIDERATION OF RISK (46 App. U.S.C. 1282 (2003)).**

(a) The Secretary, with the approval of the President, and after such consultation with interested agencies of the Government as the President may require, may provide insurance and reinsurance against loss or damage by war risks in the manner and to the extent provided in this title, whenever it appears to the Secretary that such insurance adequate for the needs of the waterborne commerce of the United States can not be obtained on the reasonable terms and conditions from companies authorized to do an insurance business in a State of the United States.

(b) Any insurance or reinsurance issued under any of the provisions of this Act shall be based, insofar as practicable, upon consideration of the risk involved.

(c) Insurance and reinsurance for vessels may be provided by the Secretary under this title only on the condition that such vessels be available for the United States in time of war or national emergency.

**SEC. 1203. PERSONS, PROPERTY, AND INTERESTS**

**INSURABLE (46 App. U.S.C. 1283 (2003)).** The Secretary may provide the insurance and reinsurance authorized by section 1202 with respect to the following persons, property; or interest:

(a) American vessels, including vessels under construction, foreign-flag vessels owned by citizens of the United States or engaged in transportation in the water-borne commerce of the United States or in such other transportation by water or such other services as may be deemed by the Secretary to be in the interest of the national defense or the national economy of the United States, when so engaged. In determining whether to grant such insurance or reinsurance to foreign-flag vessels, the Secretary shall further consider the characteristics, the employment, and the general management of the vessel by the owner or charterer. American- and foreign-flag vessels so insured or reinsured shall be subject to such vessel location reporting requirements as the Secretary may establish by regulation.

(b) Cargoes shipped or to be shipped on any such vessels, including shipments by express or registered mail; cargoes owned by citizens or residents of the United States, its Territories or possessions; cargoes imported to, or exported from, the United States, its Territories or possessions, and cargoes sold or purchased by citizens or residents of the United States, its Territories or possessions, under contracts of sale or purchase by the terms of which the risk of loss by war risks or the obligation to provide insurance against such risks is assumed by or falls upon a citizen or resident of the United States, its Territories or possessions; cargoes shipped between ports in the United States, or between ports in the United States and its Territories and possessions, or between ports in such Territories or possessions. For the purposes of this title, the term "cargo" shall include loaded or empty containers located aboard such vessels.

(c) The disbursements, including advances to masters and general average disbursements, and freight and passage moneys of such vessels.

(d) The personal effects of the masters, officers, and crews of such vessels, and of other persons transported on such vessels.

(e) Masters, officers, members of the crews of such vessels and other persons employed or transported thereon against loss of life, injury, detention by an enemy of the United States following capture.

(f) Statutory or contractual obligations or other liabilities of such vessels or of the owner or charterer of such vessels of the nature customarily covered by insurance.

**SEC. 1204. RISKS OTHER THAN WAR RISKS (46 App. U.S.C. 1284 (2003)).**

Whenever the Secretary shall insure any risk included under subsection (d), (e), or (f) of section 1203, insofar as it concerns liabilities relating to the masters, officers, and crews of such vessels or to other persons transported thereon, the insurance on such risks may include risks other than war risks to the extent that the Secretary determines to be necessary or advisable.

**SEC. 1205. INSURANCE ON PROPERTY OF GOVERNMENT DEPARTMENTS AND AGENCIES (46 App. U.S.C. 1285 (2003)).**

(a) Any department or agency of the United States may, with the approval of the President, procure from the Secretary any of the insurance as provided for in this title, except as provided in sections 1 and 2 of the Act of July 8, 1937 (50 Stat. 479).

(b) The Secretary is authorized with such approval to provide such insurance at the request of the Secretary of Defense, and such other agencies as the President may prescribe, without premium in consideration of the agreement of the Secretary of Defense or such agency to indemnify the Secretary against all losses covered by such insurance, and the Secretary of Defense and such other agencies are authorized to execute such indemnity agreement with the Secretary. The signature of the President (or of an official designated by the President) on the agreement shall be treated as an expression of the approval required under section 1202(a) to provide the insurance.<sup>62</sup>

**SEC. 1206. LIABILITY INSURANCE FOR PERSONS PERFORMING SERVICES OR PROVIDING FACILITIES FOR VESSELS (46 App. U.S.C. 1286 (2003)).** The Secretary is

authorized to provide insurance for any person who performs services or provides facilities for or with respect to any American- or foreign-flag vessels, public or private, against legal liabilities that may be incurred by such person in connection with the performance of such services or the providing of such facilities. Such insurance shall not be issued against liability to employees in respect of employers' liability of workmen's compensation. No such insurance shall be provided unless, in the opinion of the Secretary, such insurance is required in the prosecution of the war effort or in connection with national defense and can not be obtained at reasonable

<sup>62</sup>See 10 U.S.C. 2645. Indemnification of Department of Transportation for Losses Covered by Vessel War Risk Insurance, set forth on page 168, *infra*.

Section 1071(a) of Public Law 105-261, approved October 17, 1998 (112 STAT. 1920, 2137), added the final sentence to section 1205(b). Section 1071(b) provides that "The amendment made by subsection (a) shall apply only to a signature of the President (or of an official designated by the President) on or after the date of the enactment of this Act."

rates or upon reasonable conditions from approved companies authorized to do insurance business in any State of the United States.

**SEC. 1207. REINSURANCE; RATES; ALLOWANCES TO INSURANCE CARRIERS (46 App. U.S.C. 1287 (2003)).**

(a) To the extent that he is authorized by this title to provide marine, war risk, and liability insurance, the Secretary may reinsure, in whole or in part, any company authorized to do an insurance business in any State of the United States. The Secretary may reinsure with, or cede or retrocede to, any such company any insurance or reinsurance provided by the Secretary in accordance with the provisions of this title.

(b) Reinsurance shall not be provided by the Secretary at rates less than nor obtained by the Secretary at rates more than the rates established by the Secretary on the same or similar risks or the rates charged by the insurance carrier for the insurance so reinsured whichever is most advantageous to the Secretary, except that the Secretary may make to the insurance carrier such allowances for expenses on account of the cost of services rendered or facilities furnished as he deems reasonably to accord with good business practice, but such allowance to the carrier shall not provide for any payment by the carrier on account of solicitation for or stimulation of insurance business.

**SEC. 1208. INSURANCE FUND; INVESTMENTS; APPROPRIATIONS (46 App. U.S.C. 1288 (2003)).**

(a) The Secretary shall create an insurance fund in the Treasury to enable him to carry out the provisions of this title. Moneys appropriated by Congress to carry out the provisions of this title and all moneys received from premiums, salvage, or other recoveries and all receipts in connection with this title shall be deposited in the Treasury to the credit of such fund. Payments of return premiums, losses, settlements, judgments, and all liabilities incurred by the United States under this title shall be made from such fund through the Division of Disbursement, Treasury Department. Upon the request of the Secretary of Transportation, the Secretary of the Treasury may invest or reinvest all or any part of the fund in securities of the United States or in securities guaranteed as to principal and interest by the United States. The interest and benefits accruing from such securities shall be deposited to the credit of the fund.

(b) Such sums as shall be necessary to carry out the provisions of this title are authorized to be appropriated to such fund.

**TRANSFER OF FUNDS FROM VESSEL OPERATIONS REVOLVING FUND (46 App. U.S.C. 1288a (2003)).<sup>62</sup> For the**

<sup>62</sup>Enacted as section 601 of the Act of November 1, 1951 (65 STAT. 746), as amended, and not as part of the Merchant Marine Act, 1936.

war-risk insurance revolving fund, authorized by title XII of the Merchant Marine Act, 1936, as amended (Public Law 763, approved September 7, 1950), the Secretary of Transportation is authorized to transfer to said fund, at such times as it may become necessary in order to place into effect the insurance coverage authorized by said title, and in such amounts as he may determine, not to exceed a total of \$10,000,000 from the "Vessel operations revolving fund".

**SEC. 1209. ADMINISTRATIVE PROVISIONS (46 App. U.S.C. 1289 (2003)).**

**(a) Issuance of Policies, Rules, and Regulations; Settlement of Claims; Valuation; Rejection and Review of Valuation.**

(1) The Secretary, in the administration of this title, may issue such policies, rules, and regulations as he deems proper and may adjust and pay losses, compromise and settle claims, whether in favor of or against the United States and pay the amount of any judgment rendered against the United States in any suit, or the amount of any settlement agreed upon, in respect of any claim under insurance authorized by this title.

(2) In respect of hull insurance, the valuation in the policy for actual or constructive total loss of the vessel insured shall be a stated valuation (exclusive of National Defense features paid for by the Government) determined by the Secretary which shall not exceed the amount that would be payable if the vessel had been requisitioned for title under section 902(a) at the time of the attachment of the insurance under said policy: Provided, That the insured shall have the right within sixty days after the attachment of the insurance under said policy, or within sixty days after determination of such valuation by the Secretary, whichever is later, to reject such valuation, and shall pay, at the rate provided for in said policy, premiums upon such asserted valuation as the insured shall specify at the time of rejection, but such asserted valuation shall not operate to the prejudice of the Government in any subsequent action on the policy. In the event of the actual or constructive total loss of the vessel, if the insured has not rejected such valuation the amount of any claim therefor which is adjusted, compromised, settled, adjudged, or paid shall not exceed such stated amount, but if the insured has so rejected such valuation, the insured shall be paid as a tentative advance only, 75 per centum of such valuation so determined by the Secretary and shall be entitled to sue the United States in a court having jurisdiction of such claims to recover such valuation as would be equal to the just compensation which such court determines would have been payable if the vessel had been requisitioned for title under section 902(a) at the time of the attachment of the insurance under said policy: Provided. That in the event of an election by the insured to reject the

(e) *Nature of change in status of other vessels.* It is the intention of the parties that any breach of the warranty as to operation in the approved service of vessels described in § 308.1(c) shall terminate the insurance. In the event of the sale, demise charter, requisition, confiscation, change of flag, total loss, any other change in status or change in operation of the vessel in the approved service prompt notice shall be given to the American War Risk Agency, 14 Wall Street, New York, NY 10005.

**§ 308.3 Applications for insurance; warranties; supporting documents; payment of binder fees.**

(a) *Application, binder forms.* A single application for War Risk Insurance shall be filed on Form MA-528, specifying the types of insurance coverages for which the applicant is applying. A single application may be submitted for several vessels, if the application identifies each vessel to be insured and the coverage(s) required, by completing appendices A and B to that form. An interim binder for war risk insurance coverage, of the types described in subparts B, C and D of this part, shall be on Form MA-942, which may be obtained from the American War Risk Agency or from the Office of Subsidy and Insurance.

(b) *Warranties—(1) In general.* Applications for war risk hull and protection and indemnity insurance in any eligible category of this Part 308 shall include a warranty that, at all times during the effective period of the binder and any insurance attaching thereunder, the insured vessel, regardless of its nation of registry, will comply with Department of Commerce Transportation Orders T-1 and T-2 (44 CFR parts 401, 402, and 403), or any modifications thereof so long as they remain in force and that the vessel will not be chartered, unless in accordance with the provisions of § 221.11 and 221.13 of this chapter, which requirement is applicable to any charter in existence at the time the applicant applies for insurance.

(2) *Vessels described in § 308.1(a).* Applications for war risk insurance on a vessel described in § 308.1(a) shall contain the warranty that at, and from the date of issuance of the interim binder,

and for and during the term of any insurance attaching thereunder, such vessel will remain eligible within its category.

(3) *Vessels described in § 308.1(b).* Applications for war risk insurance on a vessel described in § 308.1(b) shall contain the warranties that at all times the vessel will remain eligible within its applicable category; that the vessel will be made available for use by the United States pursuant to the signed Contract of Commitment submitted with the insurance applications, as required by the Maritime Administration; that the vessel will remain in the approved service; and that no controlling interest in the vessel shall be transferred by a subsequent sale or long-term charter, except on the condition that the successor in interest agrees to be bound by the terms of the applicant's Contract of Commitment. All instruments transferring any controlling interest in the vessel, including long-term charter or merger agreements, shall be submitted to the Maritime Administration for prior approval.

(4) *Vessels described in § 308.1(c).* Applications for war risk insurance on a vessel described in § 308.1(c) shall contain warranties that the vessel will remain in the approved service and that any change in flag or service will be reported in advance to the Maritime Administration for a new determination as to whether the vessel's service is in the interest of the national defense or the national economy of the United States. Vessels in this category are not eligible for war risk insurance interim binders.

(5) *Vessel locator filing requirements.* Applications for insurance on vessels in all categories, except tugs and barges and vessels used exclusively in the fishing trade or industry, described in § 308.1(a), shall contain a warranty that at all times the vessel will file reports as required under the U.S. Merchant Vessel Locator Filing System (USMER) as prescribed in § 308.2(c) of this section.

(c) *Filing applications for insurance.* All applications for insurance on a vessel shall be made to the American War Risk Agency, 14 Wall Street, New York, New York 10005, underwriting

tion.

(d) *Required submissions with—(1) In general.* An application for insurance on a vessel described in §308.1(b) shall be accompanied by:

(i) A contract of commitment, in the form prescribed in §308.5 of this part. In the event the vessel is determined to be ineligible under the terms of this part 308, the applicant will be so advised and the executed contract of commitment and any official foreign government action or approval will be returned to the applicant by the Maritime Administration.

(ii) An executed agreement contained in the application for insurance that any charter or other contract covering the use of the vessel during the period of the binder or any insurance attaching thereunder shall be subject to termination or suspension without notice in the event the United States requires the use of the vessel under the voluntary contract of commitment submitted by the applicant.

(2) *Certification of citizenship.* An application for insurance on such a vessel shall be supported by execution of the citizenship certification, in the format set out in appendix C to Form MA-528, as described in paragraph (a) of this section. That certification shall be required to establish the U.S. citizenship of the majority ownership and control of the vessel-owning corporation, whether that ownership is direct or through intervening corporations.

(3) *Existing long-term charters.* An application for a vessel in this category which is at the time of application under long-term charter or other long-term contract, either to the applicant or from the applicant to a third party, shall be jointly submitted by the owner and the charterer, and in addition to the other materials required under this paragraph, shall be accompanied by a copy of the long-term contract covering the use of the vessel and all addenda thereto, certified to be full and complete copies (except as to rate of hire or freight) and a completed appendix C to Form MA-528, establishing the U.S. citizenship of the majority of the shareholders and control of the charterer. The charterer shall also furnish to MARAD a certified copy of any

be issued subsequent to the issuance of any binder of insurance under this Part 308.

(4) *Foreign government action or approval.* An application for a vessel in this category also shall be accompanied by a certified copy of the evidence of any official action or approval required by the government of the country of registry as a prerequisite to the execution of a contract of commitment with the United States.

(5) *Additional materials.* With respect to a vessel in this category, the applicant shall submit the following additional materials:

(i) A statement describing the service in which the vessel is engaged, including a listing of the vessel's voyages and ports of call during the immediately preceding six (6) month period, indicating the tonnage and type of cargo carried on such voyages and the reasons why such service should be deemed to be in the interest of the national defense or the national economy of the United States;

(ii) Material demonstrating the management and financial capabilities of the applicant; and

(iii) In the case of a new vessel or a vessel which has not for the six (6) months immediately prior to the date of the application been engaged in the foreign commerce of the United States, a statement, signed by a responsible company official, certifying the extent to which the vessel will be engaged in the foreign commerce of the United States for the six (6) months immediately following the issuance of any interim binder of insurance under this part 308.

(e) *Requests for changes in binders.* All requests for changes in binders and inquiries relative to the insurance after the interim binders have been issued shall be directed to the American War Risk Agency, 14 Wall Street, New York, NY 10005.

(f) *Fees.* A check payable in U.S. funds to the "Maritime Administration, Department of Transportation" for the total amount of all binder fees payable by such applicant shall accompany each application. Binder fees are not returnable.

(g) *Availability of Application Forms.* Form MA-528 may be obtained from either the American War Risk Agency (Underwriting Agent), at the address in paragraph (e) of this section, or the Maritime Administration, Attention: Director, Office of Subsidy and Insurance, 400 Seventh Street, SW., Washington, DC 20690.

(Approved by the Office of Management and Budget under control number 2133-0011)

**§ 308.4 [Reserved]**

**§ 308.5 Voluntary contract of commitment.**

Applications for insurance on vessels described in §308.1(b) shall be accompanied by a contract of commitment, in triplicate originals, executed by the owner (or by the owner and the charterer where required by §308.3). Contracts of commitment to make the vessel available to the United States during any period in which vessels may be requisitioned under section 902 of the Act (46 App. U.S.C. 1242) shall be submitted on standard contract form which may be obtained from the American War Risk Agency or MARAD. The effective date of the contract of commitment will be the effective date of the binder and will be inserted in the contract of commitment by MARAD.

**§ 308.6 Period of interim binders, updating application information and new applications.**

(a) All existing interim binders remain in full force and effect without the necessity of re-application or the payment of additional fees so long as the Secretary of Transportation's authority to provide such insurance has been extended and is continuous.

(b) Assureds under interim binders are required to notify the American War Risk Agency annually, by June 30th, of any change in the information provided in their original binder applications including, but not limited to, change of address, vessel name or vessel characteristics.

(c) New applications for interim binders on U.S.-flag vessels, with necessary attachments (as specified in § 308.3), as well as checks for the binder fees prescribed made payable to "Maritime Administration, Department of Transpor-

tion," shall be filed with the American War Risk Agency, 14 Wall Street, New York, New York 10005. All interim binders on U.S.-flag vessels shall become effective as of the date of determination of eligibility by the Maritime Administration.

(d) New applications for interim binders on U.S. citizen-owned or controlled foreign-flag vessels, with necessary attachments (as specified in §308.3), as well as checks for the binder fees prescribed made payable to "Maritime Administration, Department of Transportation," shall be filed for review in accordance with eligibility requirements specified in §308.2, and mailed to the American War Risk Agency, 14 Wall Street, New York, New York 10005. All interim binders on foreign-flag vessels will become effective on the date the owner's contract of commitment is executed by the Maritime Administration.

(Approved by the Office of Management and Budget under control number 2133-0011)

**§ 308.7 Premiums and payment thereof.**

Rate to be fixed promptly upon the happening of the event causing the American Institute Hull War Risks and Strikes Clauses dated December 1, 1977 (including Automatic Termination and Cancellation Provisions) for attachment to American Institute Hull Clauses dated June 2, 1977 of any war risk policies to become operative and premium shall be payable within ten days after receipt of notice of the amount thereof by the assured. Premiums shall be paid to the Underwriting Agent that issued the binders by check payable to the order of "Maritime Administration, Department of Transportation." In the event that it is subsequently determined that insurance under interim binders did not attach, premiums paid will be refunded by the Maritime Administrator.

**§ 308.8 War risk insurance underwriting agency agreement.**

Standard form MA-355 of underwriting agency agreement applicable shall be executed by the Maritime Administrator and domestic insurance companies or groups of domestic insurance companies authorized to do a marine

United States, appointing such companies or groups of companies as Underwriting Agents to issue binders and policies covering hull, protection and indemnity, and Second Seamen's war risk insurance under subparts B, C, and D of this part. It shall contain provisions including, but not limited to the appointment of the agent, duties of the agent, books and records, compensation, standard of performance, indemnification effective date, amendment and termination, and nondiscrimination.

### Subpart B—War Risk Hull and Disbursements Insurance

#### § 308.100 Insured amount.

An applicant for war risk hull insurance shall state the amount of insurance desired but any payment of claim for damage to or actual or constructive total loss of the vessel insured shall be made as provided in § 308.103(a). An applicant desiring disbursements insurance may at his option obtain such additional insurance but any claim for loss of disbursements as a consequence of the actual or constructive total loss of the vessel insured shall be made as provided in § 308.103(c).

#### § 308.101 [Reserved]

#### § 308.102 Issuance of interim binder; terms and conditions; fees.

Upon acceptance of an application, an interim binder in the form set forth in § 308.106, will be issued and there shall be deemed to be incorporated therein by references all the terms, conditions, and warranties contained in the application for war risk hull and disbursements insurance and the standard war risk hull insurance policy (set forth in § 308.107), to the same extent as if such application and policy were made a part of the binder. The binder fee (not refundable) for U.S.-flag vessels shall be \$25 per application for vessels under 500 gross tons; \$100 per application for vessels 500 gross tons or over; and \$100 per LASH or similar type barge application. The binder fee (not refundable) for foreign-flag vessels shall be \$50 per application for vessels under 500 gross tons; \$200 per applica-

\$200 per LASH or similar type barge application. All fees are payable in U.S. funds by check to order of the Maritime Administration, Department of Transportation."

#### § 308.103 Insured amounts under interim binder.

(a) *Valuation.* The valuation in the policy for damage to, or actual or constructive total loss of the vessel insured shall be a stated valuation (exclusive of National Defense features paid for by the Government) determined by the Secretary of Transportation which shall not exceed the amount that would be payable if the vessel had been requisitioned for title under section 902(a) of the Merchant Marine Act, 1936, as amended (46 App. U.S.C. 1242(a)) at the time of the attachment of the insurance under said policy: Provided, however, That in the case of a construction subsidized vessel, for the period of insurance prior to requisition for title or use, the valuation so determined shall be reduced by such proportion as the amount of construction subsidy paid with respect to the vessel bears to the entire construction cost and capital improvements thereof (excluding the cost of national defense features), and for the period of insurance after requisition for use the valuation so determined shall not exceed the amount which would be payable under 46 App. U.S.C. 1242(a) in the case of requisition for title or use: Provided, further, that the insured shall have the right within sixty days after the attachment of the insurance under said policy, or within sixty days after determination of such valuation by the Secretary of Transportation, whichever is later, to reject such valuation, and shall pay, at the rate provided for in said policy, premiums upon such asserted valuation as the insured shall specify at the time of rejection, but such asserted valuation shall not operate to the prejudice of the Government in any subsequent action on the policy. In the event of the actual or constructive total loss of the vessel, if the insured has not rejected such valuation the amount of any claim therefor which is adjusted, compromised, settled, adjudged, or paid shall not exceed



sured vessel may be adjusted, compromised, settled, adjudged, or paid by the Maritime Administration with respect to insurance attaching during the effective period of such valuation under the standard forms of war risk hull insurance interim binder or policy prescribed by §§308.106 and 308.107 of this chapter.

**§309.5 Condition of vessel.**

If the true condition of a vessel is not known, the Ship Valuation Committee, in determining the stated valuation of the vessel, may assume that it is in a condition that would entitle it to the highest classification of the American Bureau of Shipping, or the equivalent if the vessel is a foreign-flag vessel, with all required certificates, including but not limited to, marine inspection certificates of the United States Coast Guard, the United States Public Health Service, and the Federal Communications Commission, with all outstanding requirements and recommendations necessary for retention of class accomplished, without regard to any grace period; and, so far as due diligence can make her so, the vessel is tight, staunch, strong, and well and sufficiently tacked, appareled, furnished, and equipped, and in every respect seaworthy and in good running condition and repair, with clean swept holds and in all respects fit for service. The stated valuation of a vessel in substandard condition is subject to downward adjustment as provided in §309.6(a).

**§309.6 Adjustments for condition, equipment, and other considerations.**

(a) *Adjustment for a vessel in substandard condition.* If the Maritime Administration determines that a vessel is in substandard condition from that assumed by the Committee as provided in §309.5, there shall be subtracted from the stated valuation of such vessel an amount estimated by the Maritime Administration as the cost of putting the vessel in the condition assumed by the Committee when determining its stated valuation.

(b) *Special equipment.* If the depreciated reproduction cost less construction subsidy, if any, of any special

handling of cargo or utilization of a vessel, not otherwise taken into account in determining the stated valuation of such vessel, is in excess of \$50,000, an amount estimated by the Maritime Administration as the fair and reasonable value of such equipment shall be added to the stated valuation of such vessel.

(c) *Government installations.* A stated valuation determined pursuant to this part shall not include any allowance for any special installations or equipment to the extent that their cost was borne by the United States.

**§309.7 Modifications.**

The Maritime Administration reserves the right to exempt any vessel from the scope of this part, or to amend, modify, or terminate the provisions hereof.

**§309.8 Vessel data forms.**

(a) *To accompany application for insurance.* Each application for war risk insurance, submitted in accordance with §306.3 of this chapter, shall be accompanied by a completed Form MA-828, Vessel Data. Copies of this form may be obtained from either the American War Risk Agency, 14 Wall Street, New York, N.Y. 10005, or the Director, Office of Marine Insurance (MAR-540) Maritime Administration 400 Seventh Street SW., Washington, DC 20590.

(b) *Modification to vessels.* Revised vessel data shall be submitted on the appropriate form prescribed in paragraph (a) of this section whenever a vessel undergoes a physical change which increases or decreases its value by five percent or more.

(Approved by the Office of Management and Budget under control number 2133-0011)

[39 FR 30487, Aug. 23, 1974, as amended at 47 FR 25330, June 14, 1982; 50 FR 50167, Dec. 9, 1985]

**§309.101 Amendment of interim binders.**

The interim binder for a vessel whose stated valuation is established pursuant to this part shall be deemed to have been amended on the first day of the effective period of such valuation, as provided in the notice publishing such valuation, by inserting in the