

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

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

Response: 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 determines that continuation of air service is necessary for air commerce, national defense or to implement the foreign policy of the United States and the Administrator 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 airlines and dramatically increased the cost of other war risk insurance. In response, the Congress passed the Homeland Security Act of 2002 (P.L. 107-296.) Among other provisions, this Act required the Secretary to provide Chapter 443 premium war risk insurance coverage for hull losses and passenger and third party liability to air carriers. The Federal Aviation Administration Extension Act of 2008 extended the requirement to provide premium insurance coverage through November 30, 2008. Acting on behalf of the Secretary, the FAA has made available insurance coverage for (i) hull losses at agreed value; (ii) death, injury, or property loss liability to passengers or crew, the limit being the same as that of the air carrier's commercial coverage before September 11, 2001; and (iii) third party liability, the limit generally being twice that of such coverage.

In addition, at the request of the Department of Defense, non-premium war risk insurance policies have been issued to 32 airlines that are members of the Civil Reserve Air Fleet (CRAF). 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

**2. Issue: 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.**

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

Response: 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. Issue: 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.**

Response: 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. Issue: 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.**

Response: The collection of information from applicants for insurance could involve any operator of an American Aircraft as defined in Chapter 443 including firms which the FAA classifies as small businesses. The submission of information is not mandatory. It is a voluntary submission, but is necessary for an airline to obtain FAA insurance coverage. To minimize the burden of this information collection, the FAA limits its information requirements. The FAA only requires airlines to provide information on desired insurance coverage, estimated and actual airline activity during the insurance period, and copies of their commercial insurance policies. The information requested is already known to the airline involved. Therefore, no burden is placed on a carrier, should it elect to apply for Chapter 443 insurance.

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

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

**7. Issue: 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).**

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

**8. Issue: 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.**

Response: A notice was published in the Federal Register on June 19, 2008, vol. 73, no. 119, pages 34972-34973 to provide for a comment period. No comments were received.

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

Response: FAA has not made any such payments or gifts.

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

Response: FAA has consummated memoranda of Agreement (MOA) with all airlines which it insures. In the MOA, the FAA agrees to treat financial, activity, and other policy information provided by the carriers and their insurance brokers as confidential. The carriers have found this procedure to be satisfactory.

**11. Issue: 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.**

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

**12. Issue: 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**

Response:

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 @ \$40/hr est.	\$19,520
Non-premium Program @ \$40/hr est.	\$5,120
<b>Total</b>	<b>\$24,640</b>

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

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

**14. Issue: 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	\$36,948
<b>Total</b>	<b>\$110,738</b>

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

Change in respondent burden: The number of airlines participating in the program has declined since the last report from 76 to 61. The number of premium policies issued per airline per year has declined from about 3 to 2 per year. The time required to provide policy information has been reduced from over to 3 hours to about 2 hours.

Change in federal government burden: Prior estimates of burden inappropriately included the costs of administering the aviation insurance program in general and were not limited to data collection by the program per se. The new estimate reflects only the cost to the government of collecting data. Further, the number of airlines participating in the program has declined since the last report from 76 to 61. The number of premium policies issued per airline per year has declined from about 3 to 2 per year.

**16. Issue: 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.**

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

Response: FAA is not seeking such approval.

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

Response: There are no exceptions to the certification statement.