How to Apply For Federal Aviation Administration (FAA)
Non-Premium War Risk Hull and Liability Insurance

INFORMATION FOR THE INSURANCE APPLICANT

The FAA, under Section 44305 to Chapter 443 of Title 49 of the United States Code, is authorized to issue insurance, without premium, to air operators engaged in operations that the President decides are necessary in the interest of air commerce, or national security, or to carry out the foreign policy of the United States.

In order to provide insurance, the Secretaries of Defense and Transportation have entered into a Memorandum of Understanding that is countersigned by the President of the United States that fulfills the requirements above. FAA has developed a war risk insurance policy for hull and liability insurance that is issued to operators who wish to participate in the Non-Premium Program that becomes effective upon fulfillment of the following conditions: 1) the Department of Defense requests non-premium insurance from the FAA, 2) the FAA agrees to provide insurance, 3) the FAA notifies the operator of effective coverage. The notice designates an exact time frame the policy is effective, or in some cases specifies coverage for a particular mission and conditions.

In order to conduct insurance business with FAA, an air operator must agree to use the on-line Aviation Insurance Data Management System (AIDMS).   The air operator will sign and return a Memorandum of Agreement (MOA) for the use of the system, which allows the FAA to manage the Aviation Insurance Program and provides each air carrier access to their own company's relevant documentation.

There are six (6) steps to obtain FAA non-premium insurance:
1. Application from air operator
    a. Fill out the insurance application and submit to FAA with a copy of the operator's fleet schedule
    b. Provide the FAA with a copy of the operator's current commercial all-risk aviation insurance policy
    c. Sign and return two (2) original MOA's to agree to do business electronically

2. FAA reviews the submission and if the application is approved, the FAA provides the air operator with access to the AIDMS.

3.   The air operator will then upload into the on-line data system, its fleet information which is the "Schedule of Aircraft" that are to be insured.

4. The air operator must pay a one-time registration fee of $575 per aircraft. This is done through electronic funds transfer only. Once the air carrier has entered its aircraft into the data system, an invoice will be generated with payment information.

5. FAA issues the Policy electronically through the AIDMS and informs the operator that their policy is available in the AIDMS.

6. Insurance becomes effective only when a Notice of Effective Coverage is issued. Notices are issued electronically through the AIDMS.

Return materials by courier only. <u>Do not send by U.S. mail</u>. Send to:

> Federal Aviation Administration
> Aviation Insurance Program Office, APL-12
> 600 Independence Ave. SW, Room 6E 1500
> Washington, DC 20591
> Phone: (817) 222-5388
> E-mail: eric.nelson@faa.gov

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Application for FAA Non-Premium War Risk Hull and Liability Insurance

Application is made for War Risk Hull and Liability Insurance, without premium, pursuant to Section 44305 of Chapter 443 to Title 49 of the United States Code, as amended (49 U.S.C. § 44305), and in accordance with all provisions of law and subject to all limitations thereof, on the aircraft to be entered into the Aviation Insurance Data System by the air operator, and called the "Schedule of Aircraft" with the understanding that this application does not commit the Government of the United States to any liability whatsoever unless the insurance described herein is effected by the Administrator of the Federal Aviation Administration (FAA).

Name of Applicant (Air Operator)

_____

_____

Applicant ICAO or IATA 2-3 Letter Code _____

Address _____

_____

I. TYPES AND AMOUNT OF COVERAGE REQUESTED

HULL INSURANCE
The amounts set forth in the "Schedule of Aircraft" represent the amount of hull war risk insurance requested, not to exceed the amount specified in the Insured's commercial all risk policy in effect on the date of this application, to which the applicant has insured or self-insured itself against risks other than war risks.

LIABILITY INSURANCE
The amount of coverage requested shall not exceed the corresponding amounts in effect on the Insured's commercial all risk policy, on the date of this application, by which the applicant has insured or self-insured itself against liability arising from risks other than war risks.

COMMERCIAL LIABILITY LIMIT
 Enter the amount of combined single limit from your commercial insurance policy currently in effect (each occurrence)
$ _____
        (Fill in Amount)

II. DEPARTMENT OF DEFENSE (DOD) CONTRACT INFORMATION AND AVAILABILITY OF COMMERCIAL INSURANCE

1. Does the Applicant maintain operational control and operate the aircraft listed in the Schedule of Aircraft? Yes No

2. Is the Applicant under contract to the DOD as a participant in the Civil Reserve Air Fleet (CRAF)? Yes No

> Does the Applicant have an International CRAF contract? Yes No
> Does the Applicant have a Domestic CRAF contract? Yes No

Contract Name _____

Contract Number _____ Date of Award _____

3. If the Applicant has not been issued a CRAF contract, but is in the process of applying for war risk insurance in anticipation of a CRAF contract award, provide the Contract Solicitation information:

Solicitation Name _____

Solicitation Number _____ Date Issued _____

4.   If the Applicant is not a CRAF participant, is the Applicant under contract with DOD for other types of airlift business? Yes No Not Applicable

Contract Name _____

Contract Number _____ Date of Award _____

6.   If Applicant is in the process of applying for war risk insurance in anticipation of DOD contract award (other than CRAF), provide the Contract Solicitation information.

Name of Solicitation _____

Solicitation Number _____ Date Issued _____

7. Has the Applicant maintained a commercial insurance policy for the past 6 months?
Yes No

III. CERTIFICATION

1.   The Applicant warrants that the information set forth in this Application, Schedule of Aircraft and in any Attachment thereto is true and complete to the best of his/her knowledge.

2. The Applicant agrees that this Application and the terms and conditions of the Non-Premium Policy of Insurance issued by the Administrator of the Federal Aviation Administration on behalf of the Secretary of Transportation, for non-premium war risk hull and liability insurance provided under 49 U.S.C. §44305 to U.S. air carriers having agreements with the Department of Defense will constitute the sole basis of any contract of insurance between the Applicant and the United States of America while the aircraft listed and described in the Schedule of Aircraft are under contract to the Department of Defense.

3. The Applicant warrants that the person signing this Application is an Officer or other employee of the Applicant, who, at the time of signing this Application, is fully authorized to bind by the Applicant by his/her signature.

Applicant Name (Air Operator)   Date: _____

_____

Address: _____

           _____

Person authorized to bind the Applicant company to a contract with the US Government

Print Name _____

Print Title _____

Signature _____

Phone: _____ E-Mail _____

MEMORANDUM OF AGREEMENT

FOR ELECTRONIC BUSINESS FOR AVIATION INSURANCE

BETWEEN

FEDERAL AVIATION ADMINISTRATION

AND

_____

(Applicant name)

WHEREAS under Presidential Determination No. 01-29 of September 23, 2001, as extended, the United States recognizes the importance of air commerce to the economy, national defense, and the conduct of foreign policy; and

WHEREAS the commercial air carrier industry is required to maintain certain minimum insurance standards by the aviation financial, leasing, and corporate equity interests; and

WHEREAS the Secretary of Transportation, after delegation to the Federal Aviation Administration ("FAA") is responsible for providing war risk insurance to ensure the operation of civil air transportation to meet the needs of the economy, national defense, and foreign policy as mandated by Congress in chapter 443 of Title 49 of the United States Code; and

WHEREAS _____

_____

_____

(the Air Carrier) is a DOT/FAA certificated United States air carrier who is qualified as a recipient of FAA Aviation Insurance at the discretion of the Secretary of Transportation; and

WHEREAS both the commercial air carrier industry and the FAA require close coordination in insurance contracting procedures to ensure on-going insurance coverage during operations;

NOW, THEREFORE, it is agreed between the FAA and the Air Carrier, that they shall employ electronic means of communication to initiate and maintain information and to execute contracts of insurance between the Parties under this Memorandum of Agreement ("Agreement") as follows:

1.   Upon the decision by the Secretary of Transportation to execute Chapter 443 insurance the FAA shall provide an individualized insurance document(s) for the Air Carrier. Pursuant to Section 44302(a) of Chapter 443 of Title 49 of the U.S. Code, the FAA may provide a Policy of Insurance to the Air Carrier, detailing the specific insurance coverage to be provided to the Air Carrier for an agreed premium. Under Section 44305 of Chapter 443 of Title 49 of the U.S. Code, the FAA may also provide a non-premium Policy of Insurance to the Air Carrier for flights operated under contract to an agency of the United States government which has concluded an indemnification agreement with the FAA. Non-premium Policies of Insurance

are generally issued as stand-by policies listing specific aircraft on a register and will require subsequent endorsement by the FAA to activate that non-premium Policy of Insurance to provide insurance coverage for specific flight operations by the registered aircraft.

2. The FAA shall provide the Air Carrier access to an exclusive encrypted on-line FAA insurance data system so that the Air Carrier may register the aircraft to be insured, offer insured values for each aircraft, and provide other information as specified in its current individual premium and non-premium policies of insurance. Payment of appropriate premiums or aircraft registration fees is a necessary condition for insurance coverage.

3. Entry of data into the on-line FAA insurance data system of all information required by FAA necessary to execute documents supplied under item 1 above in such format as directed by the FAA constitutes an offer presented to the FAA. Acknowledgement of receipt by the on-line FAA insurance data system constitutes a conditional acceptance by the FAA, pending verification of information provided by the Air Carrier, as to the value and terms of the insurance policy.

4. The FAA shall treat the information supplied by the Air Carrier under this Agreement as confidential business or financial information and will not disclose such to any third party except that any agency of the United States Government that sponsors use of FAA 443 non-premium insurance under Section 44305 of Chapter 443 of Title 49 of the U.S. Code will be granted "monitoring rights only" access to information on insurance it sponsors. If FAA is subject to a Freedom of Information Act (FOIA) request for this information, the Air Carrier agrees to supply information concerning its claim of confidentiality to support an exemption from disclosure by FAA in response to the FOIA request.

5. The Air Carrier shall be responsible for the accuracy and correctness of all information submitted by it into the on-line FAA insurance data system.

6. The Air Carrier shall identify persons authorized to bind the Air Carrier by their signatures and provide original specimen signatures to the FAA, and also identify other company representatives who are authorized by the Air Carrier to access the on-line FAA insurance data system. The Air Carrier shall indicate whether the authority of any individual it identifies is for premium insurance, non-premium insurance, or both. Further, the air carrier shall notify the FAA if it wishes to cancel the authority of individuals it has previously identified to access the on-line FAA insurance data system.

7. This Agreement may be amended at any time by mutual written consent of the Parties.

8. This Agreement may be cancelled at any time by the FAA or the Air Carrier.

9. Except as specified below, the effective time and date of this Agreement shall precede the issuance of any FAA insurance policy to the Air Carrier and the Agreement shall endure until after the expiration or cancellation of the FAA aviation insurance policy(s) issued to the Air Carrier, until such time that either party terminates the Agreement. This precedence requirement is not binding with respect to non-premium policies of insurance issued to the Air Carrier by the FAA prior to execution of this agreement.

For the UNITED STATES OF AMERICA

Signature _____ Date _____

        Manager, Management Staff
        Office of Policy, International Affairs, and Environment
        Federal Aviation Administration

For the INSURED

_____

_____
(Applicant name)

By an Officer of the Insured Empowered to Bind the Insured for

      _____ PREMIUM INSURANCE   _____ NON-PREMIUM INSURANCE
(Check one or both)

Signature _____ Date _____

Print Name _____

Print Title _____

Address _____

_____(City)_____(State) _____(Zip)

Phone Number _____

E-mail _____