

SUMMARY OF CHANGES: The Premium Program currently does not exist. The participant only files an initial application one time. The public cost burden has been adjusted for inflation since the last report in 2015.

**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.**

The Aviation Insurance Program at the FAA derives its authority from Title 49, United States Code, Chapter 443. Dating from 1951, amended and updated through the years, the authority currently provides authority for the FAA to issue insurance to air carriers, without premium and at the request of another Federal agency, when the insurance is not available commercially on reasonable terms and conditions. The statute initially authorized two specific insurance programs – the Non-Premium and Premium Programs.

The Premium Program, no longer in existence, provided war risk coverage to U.S. air carriers for a premium. Following the terrorist attacks of September 11, 2001, Congress significantly expanded the Premium Program by authorizing war risk insurance for domestic flights, among other things, when the commercial aviation insurance market experienced a complete market failure. In December 2014, Congress sunset the Premium Program based on a legislative proposal made by DOT, and returned air carriers to the commercial aviation insurance market for most of their war risk insurance needs.

The Non-Premium Program remains authorized by law and continues to offer war risk coverage, without premium, to air carriers at the request of DoD and other Federal agencies (although there are currently no other Federal agencies participating in the Non-Premium Program). The Non-Premium Program supports DoD military mobilizations, predominantly in the U.S. Central Command and U.S. Africa Command Areas of Responsibility. DoD relies on the FAA to provide aviation war risk insurance that is not available commercially on reasonable terms and conditions to DoD-contracted air carriers that support military mission objectives and operations. DoD indemnifies the FAA for any losses under the Non-Premium Program, as required by law.

**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.**

Air carriers, operators that are members of the Civil Reserve Air Fleet (CRAF) or direct contractors to DOD supporting the President's initiatives are required to respond to this collection to receive the benefit of insurance. The FAA may use any information submitted by applicants for chapter 443 insurance 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 60-day notice and request for comment was posted, June 1, 2018 in accordance with Paper Reduction Act of 1995, FAA invited public comments about our intention to request the Office of Management and Budget (OMB) approval to reinstate an information collection. 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://aviation.itworks-software.com/ApplicationMoa/Index>. FAA currently has 30 participating in non-premium insurance and each could have multiple commercial policies. FAA estimates there will be 4 individual applicants for Chapter 443 insurance annually; some of the individual respondents may submit more than one application annually.

Task	Hours per Task	Number of Responses	Annual Hours per Task
Non-premium Program @ 4hrs per policy;	4	4	16
10 minutes per Commercial policy submission;	0.17	50	8
5 minutes per Business information update;	0.08	30	2
2 minutes per aircraft schedule update;	0.03	30	1
For a total estimated annual burden:			28
Cost:	Hourly Rate (estimated)	Annual Hours	Total
<sup>1</sup> Financial Manager Hourly Rate	\$60.14		
<sup>2</sup> Fringe Benefits (30.3%)	\$18.22		
<sup>3</sup> Overhead (100% of Hourly Rate minus Benefits)	\$41.92		
Estimate of the burden	\$120.28	28	\$3,367.84

<sup>1</sup> Source Bureau of Labor Statistics, "Occupational Outlook Handbook Financial Manager",

<https://www.bls.gov/ooh/management/financial-managers.htm>

<sup>2</sup> Source Bureau of Labor Statistics, "Employer Cost for Employee Compensation", published December 14, 2018, Page 2; [https://www.bls.gov/schedule/2019/04\\_sched.htm](https://www.bls.gov/schedule/2019/04_sched.htm)

<sup>3</sup> Source: U.S. Department of Health and Human Services, "Guidelines for Regulatory Impact Analysis" (2016), [https://aspe.hhs.gov/system/files/pdf/242926/HHS\\_RIAGuidance.pdf](https://aspe.hhs.gov/system/files/pdf/242926/HHS_RIAGuidance.pdf). On page 30, HHS states, "As an interim default, while HHS conducts more research, analysts should assume overhead costs (including benefits) are equal to 100 percent of pretax wages...." To isolate the overhead rate, the Department subtracted the benefits rate of 69 percent from the recommended rate of 100 percent.

**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.**

<b>Hours Data Collection</b>	<b>Hours per Task</b>	<b>Number of Responses</b>	<b>Annual Hours per Task</b>
Non-premium Program @ 30 minutes per policy;	0.5	4	2
15 minutes per Commercial policy submission;	0.08	50	4
2 minutes per Business information update;	0.03	30	1
2 minutes per aircraft schedule update;	0.03	30	1
For a total estimated annual burden:			8
<b>Cost:</b>	<b>Hourly Rate (estimated)</b>	<b>Annual Hours</b>	<b>Total</b>
<sup>4</sup> GS-13 Step 5 for Washington, DC)	\$53.85		
<sup>5</sup> Fringe Benefits (31.7%)	\$17.07		
<sup>6</sup> Overhead (100% of Hourly Rate minus Benefits)	\$36.78		
Annualized Cost to the Federal Government	\$107.70	8	\$861.60

<sup>4</sup> Source Office of Personnel Management, Salary and Wages 2019, [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/19Tables/html/DCB\\_h.aspx](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/19Tables/html/DCB_h.aspx)

<sup>5</sup> Source Bureau of Labor Statistics, “Employer Cost for Employee Compensation”, Published December 14, 2018 Page 2;

[https://www.bls.gov/schedule/2019/04\\_sched.htm](https://www.bls.gov/schedule/2019/04_sched.htm)

<sup>6</sup> Source: U.S. Department of Health and Human Services, “Guidelines for Regulatory Impact Analysis” (2016), [https://aspe.hhs.gov/system/files/pdf/242926/HHS\\_RIAGuidance.pdf](https://aspe.hhs.gov/system/files/pdf/242926/HHS_RIAGuidance.pdf). On page 30, HHS states, “As an interim default, while HHS conducts more research, analysts should assume overhead costs (including benefits) are equal to 100 percent of pretax wages....” To isolate the overhead rate, the Department subtracted the benefits rate of 69 percent from the recommended rate of 100 percent.

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

There has been a change to the hourly burden since the previous submission. Some reasons are the Premium Program currently does not exist which eliminates the burden associated with updates to the Premium Program. All participants only file an initial application one time (we do not expect more than 4 applications for Non-premium insurance.) The public cost burden has been adjusted for inflation since the last report in 2015. The agency has separated collection activity into appropriate information collections, there has not been additional forms or applications added.

**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.

**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.