

Supporting Statement A
AVIATION INSURANCE
OMB 2120-0514

The only change I this collection is the public cost burden which has been adjusted for inflation since the last report in 2018.

1. Explain the circumstances that make the collection of information necessary. Identify 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. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

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 and in return 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. It is a voluntary

submission, but is necessary in order for an operator or air carrier to obtain FAA insurance coverage.

The data being collected would be on an as needed bases based for each carrier requesting insurance. The information being collected are as follows:

- Air Carrier POC
 - Name
 - Signature
 - Title

- Air Carrier
 - Name
 - Business Address
 - Business phone number
 - Business fax
 - Business email address
 - DoD contract number
 - Insurance policy and certification Information:
 - Type and amount of coverage
 - Aircraft type
 - Tail number
 - Aircraft registration number
 - serial number

The reason for this collecting this information is to issue non-premium war risk insurance to air carriers that have contracts with the Federal Government because they cannot get it in the commercial market. All information is maintain for record in the event of an accident involving one of the air carrier's aircraft but the information would not be disclosed.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

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

The air carrier fill out a form electronically through AIDMS and can be printed by air carrier but the information is not available to the public over 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 purposes described in Item 2 above.

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 involves small businesses or other small entities, 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 or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

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

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- *requiring respondents to report information to the agency more often than quarterly;*
- *requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;*
- *requiring respondents to submit more than an original and two copies of any document; requiring respondents to retain records, other than health,*

medical, government contract, grant-in-aid, or tax records, for more than three years;

- *in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;*
- *requiring the use of a statistical data classification that has not been reviewed and approved by OMB;*
- *that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or*
- *requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.*

Information is not being collected in any of the above situations.

8. Provide information on the PRA Federal Register Notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the 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 Federal Register Notice published on February 18, 2022."Citation 87 FR 9413" solicited public comment. Not comments were received.

9. Explain any decisions to provide payments or gifts 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 beliefs, 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. The statement should:

An application form for non-premium war risk insurance is available online at <https://aidms.faa.gov/ApplicationMoa>. 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	9
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
¹ Financial Manager Hourly Rate	\$64.51		

² Fringe Benefits (30.8%)	\$23.01		
³ Overhead (100% of Hourly Rate minus Benefits)	\$35.72		
Estimate of the burden	\$129.02	28	\$3,612.56

¹ Source Bureau of Labor Statistics, “Occupational Outlook Handbook Financial Manager”, <https://www.bls.gov/ooh/management/financial-managers.htm>

² Source Bureau of Labor Statistics, “Employer Cost for Employee Compensation”, published March 18, 2022, Page 7 (Management, Business, and Financial Occupations); <https://www.bls.gov/news.release/pdf/ecec.pdf>

³ 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. 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.

The above chart is an increase of \$244.72 in annually over 2018 estimates. This increase is due to hourly rate increase of \$4.37, hourly fringe increase of \$10.57 and a decrease hourly overhead of \$6.20.

13. Provide an estimate for the total annual cost burden to respondents or record keepers resulting from the collection of information.

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

14. Provide estimates of annualized costs to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

Hours Data Collection	Hours per Task	Number of Responses	Annual Hours per Task
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

Cost:	Hourly Rate (estimated)	Annual Hours	Total
⁴ GS-13 Step 5 for Washington, DC)	\$58.01		
⁵ Fringe Benefits (31%)	\$26.06		
⁶ Overhead (100% of Hourly Rate minus Benefits)	\$31.95		
Annualized Cost to the Federal Government	\$116.02	8	\$928.16

⁴ Source Office of Personnel Management, Salary and Wages 2022, https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/22Tables/html/DCB_h.aspx

⁵ Source Bureau of Labor Statistics, “Employer Cost for Employee Compensation”, Published March 18, 2022, Page 5; <https://www.bls.gov/news.release/pdf/ecec.pdf>

⁶ 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. 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.

The above chart is an increase of \$66.56 in annually over 2018 estimates. This increase is due to hourly rate increase of \$4.16, hourly fringe increase of \$8.99 and a decrease hourly overhead of \$4.83.

15. Explain the reasons for any program changes or adjustments.

The public cost burden has been adjusted for inflation since the last report in 2018.

16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. 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 why display would be inappropriate.

FAA is not seeking such approval.

18. Explain each exception to the topics of the certification statement identified in “Certification for Paperwork Reduction Act Submissions.”

There are no exceptions to the certification statement.