

**Department of Transportation
Maritime Administration
Information Collection Request (ICR)
OMB 2133-0011
War Risk Insurance, Applications, and Related Information**

SUPPORTING STATEMENT

INTRODUCTION

This submission is to request a three-year approval from the Office of Management and Budget (OMB) for the information collection entitled OMB 2133-0011 (War Risk Insurance, Applications, and Related Information), which expires on October 31, 2023. There are no changes to the forms associated with this collection, which will be submitted as *an extension without change of a previously approval collection*.

A. JUSTIFICATION

1. Circumstances Making the Collection of Information Necessary

This information collection supports the Department of Transportation's National Security goal of organizational excellence by establishing policies, processes, and an inclusive and innovative culture to effectively serve communities and responsibly steward the public's resources. This information collection strives to reach the public and provide the best customer service to those in need.

As authorized by Section 1202, Title XII, Merchant Marine Act, 1936, as amended, (46 United States Code (U.S.C.) Sections (§§) 53901-53912) (Act), the Secretary of the U.S. Department of Transportation (Secretary) may provide war risk insurance for national defense or waterborne commerce of the United States. Specifically, the Secretary must provide war risk insurance, if it is unattainable on reasonable terms and conditions from companies authorized operate an insurance business within any state of the U.S. The U.S. Government's War Risk Insurance program is a standby emergency program for national defense and national security. It becomes effective upon and simultaneously with the automatic termination of ocean marine commercial war risk insurance policies. Those policies are automatically terminated upon the outbreak of war, whether declared or not, between any of the five great powers (United States of America, United Kingdom, France, People's Republic of China, the Russian Federation) or upon the hostile detonation of a weapon of war employing atomic or nuclear fission.

The War Risk Insurance program makes it possible for applicants to obtain war risk insurance from the U.S. Government, when such insurance is unavailable on reasonable terms from the commercial market. The program is mutually beneficial to the U.S. and the ship owner, in that it assures continued flow of essential U.S. trade and provides protection for the ship owner from loss by risks of war. The relevant sections of Title XII of the Act are implemented through regulations contained in 46 CFR Part 308. Sections

308.3 and 309.8 indicate the forms that must be completed and establish the filing procedure and the conditions with which applicants must comply to become eligible for war risk insurance.

Therefore, the Maritime Administration (MARAD) seeks approval for the renewal of OMB 2133-0011(War Risk Insurance, Applications, and Related Information) and its associated forms outlined below:

MA-528	APPLICATION FOR WAR RISK INSURANCE
MA-942	INTERIM BINDER OF INSURANCE
MA-355	UNDERWRITING AGENCY AGREEMENT
MA-828	VESSEL DATA (For use in determining war risk insurance valuation)
MA-742	OWNER'S CONTRACT OF COMMITMENT

Form MA-528 is a comprehensive single form, which permits the applicant to apply for insurance to do the following: cover the vessel's hull; provide protection and indemnity insurance; second seaman's insurance; institute optional disbursements coverage; and verify that the vessel complies with the prerequisite condition of ownership and control by U.S. citizens. This single form also enables respondents to apply for multifaceted insurance coverage options through the use of a single form. This form, for which continued use is now being requested, eliminates the number of forms a respondent has to file and also reduces the time needed to fill out the forms.

Form MA-528 also provides MARAD with the information required to determine if an applicant's vessel is qualified for participation in their desired program for which different binders are available. If the information submitted meets the criteria contained in Section 308.3, a binder of insurance form (MA-942) is issued indicating each type of insurance coverage attached to the vessel. Form MA-942, is the interim binder issued to an eligible respondent vessel that is qualified to receive insurance coverage and verifies that insurance is in place and has been attached to the respondent's vessel.

Section 1209(d) of the Merchant Marine Act, 1936, as amended (46 U. S. C. 53910(f)), provides that the Secretary shall employ agents whenever it is practical to do so. Consequently, there is a contractual Underwriter Agency Agreement (MA-355) between MARAD and an agent representing MARAD, or another an association of marine insurers. The duties of the Agent are to act on behalf of MARAD to receive and process applications, issue binders or policies, keep records, receive money and reports, and process claims. The agency agreement appears in the regulations and is designated form MA-355.

Information reported to the Maritime Administration on form MA-828 is used to obtain the owner's current authenticated data about a vessel's configuration and purchase price, which is inclusive of any special equipment or vessel improvements. The collected data is examined to help determine a vessel's commercial market value. This value is included as stated valuation in the war risk binder for vessel hull insurance. The stated value sets

forth the amount of payment for actual or constructive total loss as authorized by 46 U. S. C. § 53906.

Form MA-828 is submitted in conjunction with an application to enter into a war risk insurance binder with MARAD. Regulations describing the filing of form MA-828 with an application for participation in the Title XII program and the information contained therein, are found in 46 CFR Section 308.3(a) and 309.8, respectively. Additionally, Form MA-742 commits a ship owner to make his vessel available to the United States during national emergencies.

2. Purpose and Use of the information Collection

Applications for insuring U.S.-flag vessels are received and processed by a war risk agent contract by MARAD (the Agent). All applications are submitted by either the vessel's owner or charterer. The information collected on the forms associated with OMB 2133-0011 (War Risk Insurance, Applications and Related Information) are used to determine the eligibility of the applicant and their vessel(s) for participation in the program. The applicant submits the forms for the following purposes: to declare to MARAD that both the property and persons to be insured are eligible for insurance; to identify the perils for which the insurance is requested; to confirm that the applicant is an eligible U.S. citizen owning or controlling the vessel; and also to assert that the applicant intends to operate the insured property in the U.S. waterborne commerce in compliance with MARAD warranties. Such warranties assure continued waterborne service in the interests of national defense or economic prosperity of the United States.

Form MA-828 is used to obtain the owner's current authenticated cost and data about the current condition of a particular vessel. The collected information also helps to determine the vessel's classification and valuation in the event of a claim. The requested information is necessary to ensure that applicant complies with the terms and conditions under which the insurance binder is issued. If the information is not collected, it would be impossible to issue legally valid insurance binders or policies. If the Underwriting Agency Agreement did not exist, MARAD would have no basis upon which to employ an underwriting agent, as required by 46 U. S. C. § 53910(f).

3. Automation or Use of Information Technology

Ship owners can electronically complete, sign, and submit all required forms by email for processing by the MARAD War Risk Insurance Underwriting Agent.

4. Efforts to Identify Duplication

All of the forms associated with OMB 2133-0011(War Risk Insurance, Applications, and Related Information) were previously reviewed and all duplications were eliminated by means of consolidation. Where there were previously three application forms and a Certificate of Ownership, there is now a single application form (MA-528). Where there were previously three separate binder forms, there is now one form (MA-942). Further,

the requested information unavailable from any other source.

5. Impacts on Small Businesses or Other Small Entities

The information collected for OMB 2133-0011(War Risk Insurance, Applications, and Related Information) has minimal impact on small businesses and organizations, since applicants are generally large shipping corporations.

6. Impact of Not Conducting or Less Frequent Collection of Information

The statutory authority for Title XII of the Merchant Marine Act, 1936, as amended, was by permanently authorized. All binders issued pursuant to that authority will be effective, unless cancelled, until that date. Consequently, the forms for which approval is being sought herein (except for MA-828) will be used alongside any given binder or policy only once during the currently authorized program. Therefore, it is not possible to conduct the information collection any less frequently than currently anticipated. Furthermore, without this one-time collection of information, it would be impossible to issue legally valid insurance binders or policies.

Due to the fact that the collected information accompanies each application for an insurance binder, as well as changes in the status of the vessel, it is not possible to reduce the frequency of collection of form MA-828. Specifically, this form is suitable for use during all situations that develop concerning the valuation of the vessel.

7. Special Circumstances Relating to the Guidelines 5 CFR 1320.5

There are no special circumstances that require the collection of information to be conducted in a manner described below.

- Requiring respondents to report information to MARAD more often than quarterly;
- Requiring respondents to prepare a written response in fewer than 30 days after receipt of a collection instrument;
- Requiring respondents to submit more than one original copy 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;
- Requiring the use of any statistical data 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;
- Requiring any pledge of confidentiality; or
- Requiring respondents to submit any proprietary or trade secrets.

8. Public Comments in Response to the Federal Register Notice and Outside Consultation

MARAD published a 60-day notice and request for comments on this information collection in the Federal Register (FR 55113, Vol. 88, No.155) on August 14, 2023, indicating comments should be submitted on or before October 13, 2023. No comments were received. However, a 30-day FR notice will also be published to solicit public comments.

In addition, the program has considerable visibility in the industry, and a representative of the Division of Marine Insurance consults periodically with MARAD's Agent and with industry executives on current and long-term problems. Efforts to set forth and improve the information collection requirements for MA-828 have been well established over many years.

9. Explanation of Any Payment or Gift to Respondents

No payments or gifts are provided to respondents.

10. Assurance of Confidentiality and Protection of Privacy

The information requested from participants in connection with their applications is not of a confidential nature, and consequently, no assurance of confidentiality need be given.

Data from form MA-828 is not released to the public unless through a Freedom of Information Act (FOIA) request. Under those circumstances, the submitting party is given an opportunity to claim an exemption from release pursuant to the FOIA. Prior to the release of any information, MARAD personnel will conduct a careful review of the reasons claimed for not releasing any requested data.

11. Justification for Sensitive Questions

There are no questions of a sensitive nature.

12. Estimate of Annualized Burden Hours and Cost:

a. Estimated Annualized Burden Hours

The War Risk Insurance program makes it possible for applicants to obtain insurance from the U.S. Government when such insurance is unavailable on reasonable terms from the commercial market. Therefore, it is estimated that MARAD could receive ten or more applications from ship owners and/or ship managers for this insurance. Using an estimated number of twelve applications that MARAD could receive, it is possible that two of the twelve will get approved for insurance. The table below contains an estimate of the total combined annual respondents (20), the total annual responses (20), the average hourly burden (12.8) and the total combined burden hours (258) for this collection, which was based on consultation with several respondents:

ESTIMATED ANNUALIZED BURDEN									
Form Number and Name	Estimated No. of Respondents		Annual Frequency of Responses per Respondents		Total Annual Responses		Estimated Average Time Per Response (hours in decimals)		Estimated Total Annual Burden Hours
MA-528 - APPLICATION FOR WAR RISK INSURANCE	12				12				153.6/ 154
MA-942 - INTERIM BINDER OF INSURANCE	2				2				25.6/ 26
MA-355 – UNDERWRITING AGENCY AGREEMENT	2	*	1	=	2	*	12.8	=	25.6/ 26
MA-828 - VESSEL DATA (For use in determining war risk insurance valuation)	2				2				25.6/ 26
MA-742 - OWNER'S CONTRACT OF COMMITMENT	2				2				25.6/ 26
COMBINED TOTAL	20		1		20		12.8		258

b. Estimated Annualized Burden Costs

The Department of Labor¹ estimates that the average hourly wage for a General and Operations Manager (11-1021) is \$59.07. As such, the estimated annualized cost burden to respondents to collect and assimilate the information submitted for this collection is \$ 21,170.69, which can be calculated as follows:

Respondents	Average Hourly Rate		Total Annualized Burden Hours		Total Annualized Burden Cost		Benefits Multiplier		Total Annualized Burden
General and Operations Manager (11-1021)	\$ 59.07	*	258	=	\$ 15,240.06	*	1.4	=	\$ 21,336.08

13. Estimate of the Total Annual Cost Burden to Respondents and/or Recordkeepers

There are no capital, start-up, operations, or maintenance costs associated with this information collection.

¹ The hourly wage estimate is taken from the Bureau of Labor and Statistics: <https://www.bls.gov/oes/current/oes111021.htm>

14. Estimates of Federal Government Costs

The Underwriting Agent is under contract to the U.S. Government at an annual fee of \$70,000, to provide administrative services in connection with receipt and processing of applications, issuance of binders and policies, and recordkeeping. In addition, three Federal employees (i.e. GS-8, GS-13, and a GS-15 staff²) from the Division of Marine Insurance perform similar functions with respect to applications concerning foreign-flag vessels and also supervises the work of the Agent.

FTE Graded and Step	Number of FTE(s)		Average Hourly Wage Rate		Total Hours		Total Wages	
Typist (GS-8 Step 4)	1		\$ 31.00		40		\$ 1,240.00	
Specialist (GS-13 Step 3)	1	*	\$ 57.25	*	50	=	\$ 2,862.50	
Director (GS-15 Step 8)	1		\$ 87.93		50		\$ 4,396.50	
TOTAL COMBINED WAGES								\$ 8,499.00

Total Federal Government Wages		Benefits Multiplier		Total Loaded Wages
\$ 8,449.00	*	1.4	=	\$11,828.60

Underwriting Agent Contract		Total Federal Staff Cost		Total Cost to the Federal Government
\$ 70,000.00	+	\$11,828.60	=	\$ 81,828.60

15. Explanation of Program Changes or Adjustments

There were no program changes or adjustments reported in items 13 or 14 of OMB Form 83-I.

16. Publication of Data Collection Results

The information collected on forms MA-355, MA-528, MA-742, and MA 942 will not be published.

17. Display of the OMB Expiration Date

MARAD is not seeking approval to omit displaying the expiration date for this collection.

² Average hourly Federal wage rate is taken from current OPM wage tables: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/23Tables/html/DCB_h.aspx

18. Exception to the Certification Statement

There are no exceptions to the certificate statement.