

**Supporting Statement A**  
**AVIATION INSURANCE**  
**OMB 2120-0514**

The FAA Aviation Insurance Program collects certain information from air carriers to issue aviation insurance policies. Two changes have been made from the last report in 2022: (a) the hourly burden has been adjusted to include data collection related to the new Temporary Premium Program, and (b) the cost burden has been adjusted for inflation.

**1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

The FAA Aviation Insurance Program collects information from air carriers—new aviation insurance applicants and existing policy holders—to establish legally binding insurance policies between the air carriers and the FAA. FAA derives its authority from Title 49, United States Code, Chapter 443. Dating from 1951, amended and updated through the years, the statute currently provides authority for the FAA to issue insurance to air carriers with and without premium. The statute authorizes three specific components – premium, temporary premium, and non-premium insurance.

The Premium Program, statutorily suspended, 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 Temporary Premium Program permits insurance or reinsurance for one coverage period not to exceed 90 days. The FAA may issue a temporary policy only if the insurance carrier of an air carrier has unilaterally terminated the air carrier's war risk liability coverage pursuant to (a) notice under the policy, (b) an endorsement to the policy, or (c) an automatic termination provision in the policy or any endorsement. This insurance would be a stop-gap measure intended to support coverage after a nuclear detonation or outbreak of war between superpowers.

The Non-Premium Program offers 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.**

This is a renewal request. 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 uses 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. The information is a voluntary submission but is necessary for an operator or air carrier to obtain FAA insurance coverage.

The data is collected on an as-needed basis for each carrier requesting insurance. The information collected is as follows:

- Air Carrier POC
  - o Name
  - o Signature
  - o Title
- Air Carrier
  - o Name
  - o Business address
  - o Business phone number
  - o Business fax
  - o Business email address
  - o DoD contract number
  - o Insurance policy and certification information:
    - Type and amount of coverage
    - Aircraft type
    - Tail number
    - Aircraft registration number
    - Serial number

The information is used to issue war risk insurance to air carriers because they cannot obtain insurance through the commercial market. All information is maintained for records to issue policies and in the event of an accident involving one of the air carrier's aircraft. The collected information is not publicly disseminated.

**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.**

Air carriers provide the collected information to FAA by completing application forms electronically through the Aviation Insurance Data Management System (AIDMS) and by updating the information provided. Application forms are available at [aidms.faa.gov/ApplicationMoa#step-1](https://aidms.faa.gov/ApplicationMoa#step-1) (Non-Premium Program) and [aidms.faa.gov/TemporaryPremiumInsuranceApp#step-1](https://aidms.faa.gov/TemporaryPremiumInsuranceApp#step-1) (Temporary Premium Program). AIDMS is an automated database enabling the FAA to issue insurance policies and process claims electronically.

**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 or air carrier, including firms that could be classified as small businesses. The information is a voluntary submission but is necessary for an operator or air carrier to obtain FAA insurance coverage. To minimize the burden of this information collection, the FAA has limited it only to the data required to issue insurance policies. The information requested is already known to and possessed by the operator or air carrier. Therefore, the FAA anticipates minimal burden should an operator or air carrier 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 aviation insurance. Operators and air carriers would incur an unacceptable gap in war risk coverage while acting on behalf the U.S. Government or serving public interest. As mentioned, this collection is minimally burdensome. It cannot be reduced because the information is necessary to issue insurance policies. The FAA provides this insurance when coverage is not available commercially.

**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.*

No special circumstances apply to this information collection.

**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 December 30, 2024 (89 FR 106727) solicited public comment. <<*No comments were received.*>> In addition, FAA asked a recently enrolled air carrier about the clarity of the form (application), ease of completion, and time burden. No feedback was received.

**9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.**

FAA has not made any 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) governing the use of AIDMS

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. AIDMS is compliant with OMB Circular A-130 and NIST guidance.

**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 that would be commonly considered private.

**12. Provide estimates of the hour burden of the collection of information. The statement should:**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices. \* If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included under item 13.**

Non-Premium Insurance Program

The FAA estimates there will be 4 new individual air carriers per year that submit an application for Non-Premium Insurance. The FAA currently has 30 air carriers participating in the program. The carriers must submit commercial policies when updated (annually), and each carrier could have multiple commercial policies. FAA also estimates one business update per existing carrier per year and one aircraft schedule update per existing carrier per year. This results in a total annual burden of 28 hours. As mentioned above, air carriers submit information they have on hand, so all tasks are considered reporting.

Task	Number of Respondents	Number of Responses per Respondent	Total Responses	Time per Response (Minutes)	Burden per Task (Hours) (Rounded)
Non-Premium Insurance Application	4	1	4	240	16
Commercial policy submission	30	1-2	50	10	8 <sup>1</sup>
Business information update	30	1	30	5	3 <sup>2</sup>
Aircraft schedule update	30	1	30	2	1
<b>Total Estimated Annual Burden</b>					<b>28</b>

<sup>1</sup>Previously reported as 9 hours due to difference in rounding.

<sup>2</sup>Previously reported as 2 hours due to difference in rounding.

Financial Managers or equivalent are most likely to enter the information required in the application and make system updates for policy generation. Per the Bureau of Labor Statistics Occupational Outlook Handbook, median pay in 2023 for a Financial Manager was \$75.05 per hour (<https://www.bls.gov/ooh/management/financial-managers.htm>). Per the Bureau of Labor Statistics Employer Costs for Employee Compensation – June 2024 (released September 2024), benefits for management, business, and financial occupations average 32.1% (<https://www.bls.gov/news.release/pdf/ecec.pdf>, p. 7), or \$24.09 for this labor category. Per the U.S. Department of Health and Human Services' Guidelines for Regulatory Impact Analysis 2016 "analysts should assume overhead costs (including benefits) are equal to 100 percent of pretax wages" ([https://aspe.hhs.gov/sites/default/files/private/pdf/242926/HHS\\_RIAGuidance.pdf](https://aspe.hhs.gov/sites/default/files/private/pdf/242926/HHS_RIAGuidance.pdf), p. 30). To isolate the overhead rate, the FAA subtracted the benefits rate of 32.1% from the recommended rate of 100%, for a total of 67.9% or \$50.96. Summing the hourly pay rate, fringe, and overhead results in an hourly labor cost of \$150.10.

Component	Cost
Hourly Rate	\$75.05
Fringe Benefits	+ \$24.09
Overhead	+ \$50.96
<b>Hourly Labor Cost</b>	<b>\$150.10</b>

The FAA estimates the annualized labor cost to respondents to be \$4,178.

Task	Total Responses	Time per Response (Hours)	Cost per Response	Total Cost per Task (Rounded)
Non-Premium Insurance Application	4	4	\$600.40	\$2,402
Commercial policy submission	50	0.166667	\$25.02	\$1,251
Business information update	30	0.083333	\$12.52	\$375
Aircraft schedule update	30	0.083333	\$5.00	\$150
<b>Annualized Labor Cost</b>				<b>\$4,178</b>

This annualized cost is an increase of \$565 annually over 2022 estimates of \$3,613, due to increases in hourly labor, fringe, and overhead.

#### New – Temporary Premium Insurance Program

As previously mentioned, the FAA may offer temporary war risk insurance as a stop-gap measure to support coverage when an air carrier's commercial war risk coverage is terminated. Under such circumstances, the FAA estimates minimal air carriers would be conducting flights, and the carriers operating are likely to be those 30 that the FAA currently covers under the Non-Premium Insurance Program. New applications would be required for temporary insurance; therefore, the FAA estimates 30 individual applicants. All carriers would be required to submit their commercial policies, and some carriers could have multiple commercial policies. The FAA estimates about one fourth of the air carriers may need to update their business information or schedules during the maximum 90-day insurance period. This results in a total annual disclosure burden of 129 hours.

Task	Number of Respondents	Number of Responses per Respondent	Total Responses	Time per Response (Minutes)	Burden per Task (Hours) (Rounded)
Temporary Premium Insurance Application	30	1	30	240	120
Commercial policy submission	30	1-2	50	10	8
Business information update	8	1	8	5	1
Aircraft schedule update	8	1	8	2	0
<b>Total Estimated Annual Burden</b>					<b>129</b>

The FAA expects Financial Managers or equivalent are again most likely to enter the information required in the application and make system updates for policy generation. This would result in an annualized labor cost of \$19,403.

Task	Total Responses	Time per Response (Hours)	Cost per Response	Total Cost per Task (Rounded)
Non-Premium Insurance Application	30	4	\$600.40	\$18,012
Commercial policy submission	50	0.166667	\$25.02	\$1,251
Business information update	8	0.083333	\$12.52	\$100
Aircraft schedule update	8	0.083333	\$5.00	\$40
<b>Annualized Labor Cost</b>				<b>\$19,403</b>

In the unlikely event that the new Temporary Premium Program is activated in addition to the ongoing Non-Premium Program, the total annual burden hours could be 157 and the annualized cost could be \$23,581. This is an increase over the 2022 estimates by

129 hours for labor and \$19,968 for costs, which covered just the Non-Premium Program.

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

As mentioned, the information respondents provide is already on hand. The FAA anticipates no extra costs for collection of information not already included in Question 12.

**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.**

Non-Premium Insurance Program

The FAA expects only normal labor costs for staff, in the amount of 17 hours per year.

Task	Total Responses	Time per Response (Minutes)	Burden per Task (Hours) (Rounded)
Create Non-Premium Insurance policy after Application	4	30	2
Review and attach commercial policy submission to policy	50	15	13
Update business information within policy	30	2	1
Update aircraft schedule within policy	30	2	1
Total Estimated Annual Burden			17

A Federal employee performing work at the GS-13 level processes the information collected. The Office of Personnel Management publishes 2024 pay for a GS-13 Step 5 equivalent in the Washington, DC area at \$133,692 year (<https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/24Tables/html/DCB.aspx>) or \$64.28 per hour. The FAA estimated fringe and overhead rates as described previously, resulting in \$20.63 and \$43.65, respectively. Summing the hourly pay rate, fringe, and overhead results in an hourly labor cost of \$128.56, and an annual cost of \$2,185.52 for 17 hours.

Component	Cost
Hourly Rate	\$64.28
Fringe Benefits	+ \$20.63



Overhead	+ \$43.65
Hourly Labor Cost	\$128.56
Annual Burden in Hours	x 17
<b>Annualized Labor Cost</b>	<b>\$2,185.52</b>

#### New – Temporary Premium Insurance Program

As with the Non-Premium Program, the FAA expects only normal labor costs for staff. Additional information collection is estimated to result in 30 hours per year.

Task	Total Responses	Time per Response (Minutes)	Burden per Task (Hours) (Rounded)
Create Non-Premium Insurance policy after Application	30	30	15
Review and attach commercial policy submission to policy	50	15	13
Update business information within policy	8	2	1
Update aircraft schedule within policy	8	2	1
Total Estimated Annual Burden			30

The FAA again expects a Federal employee performing work at the GS-13 level will process the information collected. This would result in an annualized labor cost of \$3,856.80 for 30 hours.

Component	Cost
Hourly Rate	\$64.28
Fringe Benefits	+ \$20.63
Overhead	+ \$43.65
Hourly Labor Cost	\$128.56
Annual Burden in Hours	x 30
<b>Annualized Labor Cost</b>	<b>\$3,856.80</b>

In the unlikely event that the new Temporary Premium Program is activated in addition to the ongoing Non-Premium Program, the total annualized cost could be \$6,042.

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

Net changes are a possible increase in annual burden of 129 hours and an increase in cost burden of \$19,968. The public cost burden for the Non-Premium Program has been

adjusted for inflation since the last report in 2022. The estimated public hours and cost burden for the Temporary Premium Program has been added.

**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.**

The 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.