SEC. 306. REAUTHORIZATION OF AVIATION INSURANCE PROGRAM.

The text of section 44310 of title 49, United States Code, is amended to read as follows:

"(a) IN GENERAL.—Except as provided in subsection (b), the authority of the Secretary of Transportation to provide insurance and reinsurance under this chapter is not effective after December 31, 2013.

"(b) INSURANCE OF UNITED STATES GOVERNMENT PROPERTY.—The authority of the Secretary of Transportation to provide insurance and reinsurance under this chapter for a department, agency, or instrumentality of the United States Government as described in section 44305 is not effective after December 31, 2018.".

Section-by-Section Analysis

This proposal would amend section 44310 of title 49, United States Code, to extend the authority of the Secretary of Transportation to provide aviation insurance and reinsurance for a department, agency, or instrumentality of the United States of Government. The Government-provided insurance for commercial air carriers providing transportation under contract to the Department of Defense (DoD) is essential during the activation of the Civil Reserve Air Fleet in order to meet national defense needs. The proposed extension will enable DoD to continue its current practices for procurement of transportation. The proposal does not impact the Federal Aviation Administration premium program established in section 44302(f).

Budget Implications: If enacted, this proposal will not increase the budgetary requirements of the Department of Defense or the Department of Transportation.

RESOURCE SAVINGS ($THOUSANDS)								
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**Appropriation To**	**Budget Activity**	**Dash-1 Line Item**
Army	+0	+0	+0	+0	+0	O&M, Army-		
Navy	+0	+0	+0	+0	+0	O&M, Navy		
Marine Corps	+0	+0	+0	+0	+0	O&M, Marine Corps		
Coast Guard	+0	+0	+0	+0	+0	O&M, Coast Guard		

Air Force	+0	+0	+0	+0	+0	O&M, Air Force – 3400		
TWCF	<1	<1	<1	<1	<1	TWCF 97X4930	02	FD50
Total	<1	<1	<1	<1	<1			

NUMBER OF PERSONNEL AFFECTED							
	FY 2013	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**Appropriation To**	**Personnel Type (Officer, Enlisted, or Civilian)**
Army	0	0	0	0	0	N/A	N/A
Navy	0	0	0	0	0	N/A	N/A
*Marine Corps	0	0	0	0	0	N/A	N/A
Air Force	0	0	0	0	0	N/A	N/A
Total	0	0	0	0	0		

Cost Methodology: The Department of Defense has been using Federal Aviation Administration-provided aviation war-risk insurance since enactment of the FAA Act of 1958. Usage increased significantly during Operation Desert Shield/Desert Storm, when 5,500 flights were insured with no losses. DoD again increased the use of the aviation insurance program since 9/11/2001, with approximately 30 flights per week insured for current operations in the United States Central Command area of responsibility plus some insurance for helicopter support in Afghanistan. Although large amounts are insured, the loss history indicates the risk of loss is extremely small and therefore the proposal should be budget scored as zero or neutral. Since the program began in 1958, there has been only one major claim, the loss of a helicopter in 2010 at a cost of $3.9 million. OSD(C) directed that the Transportation Working Capital Fund reimburse FAA that amount to comply with 10 U.S.C. 9514.

Changes to Existing Law: This proposal would make the following change to section 44310 of title 49, United States Code:

§ 44310. Ending effective date

~~The authority of the Secretary of Transportation to provide insurance and reinsurance under this chapter is not effective after December 31, 2013.~~

(a) IN GENERAL.—Except as provided in subsection (b), the authority of the Secretary of Transportation to provide insurance and reinsurance under this chapter is not effective after December 31, 2013.

(b) INSURANCE OF UNITED STATES GOVERNMENT PROPERTY.—The authority of the Secretary of Transportation to provide insurance and reinsurance under this chapter for a

department, agency, or instrumentality of the United States Government as described in section 44305 is not effective after December 31, 2018.