SEC.___. PERMANENT AUTHORITY OF SECRETARY OF TRANSPORTATION TO ISSUE NON-PREMIUM AVIATION INSURANCE.

(a) IN GENERAL.—Section 44310(b) of title 49, United States Code, is repealed.

(b) TECHNICAL AMENDMENT.—Section 44310(a) of title 49, United States Code, is amended by striking "(a) IN GENERAL.—".

[Please note: The "Changes to Existing Law" section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would amend section 44310(b) of title 49, United States Code, to make permanent the authority of the Secretary of Transportation to provide aviation insurance and reinsurance upon the request of another United States Government agency. This authority has been extended by Congress on multiple occasions since the current aviation insurance program's inception in 1958, usually in five year increments. It is currently due to expire on December 31, 2019. However, on several occasions this authority has lapsed or come very close to lapsing, placing at risk the ability of the Department of Defense (DoD) to obtain contract air services in time of war or other contingency. Insurance issued under the authority of chapter 443, of title 10, United States Code, is essential during activation of the Civil Reserve Air Fleet, as well as other contingencies in which commercial insurance is either unavailable, or is not available at reasonable prices, in order to meet national defense needs. The lack of insurance in such circumstances would cripple DoD's ability to transport personnel and materiel in a timely manner, substantially impeding the effectiveness of the response to a contingency or natural disaster.

Budget Implications: This program has resulted in average outlays of $2.9 million annually since 2006. This is funded in the FY 2019 President's budget.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2019	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**Appropriation To**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Air Force	+$2.9	+$2.9	+$2.9	+$2.9	+$2.9	Operation and Maintenance, Air Force	02	21A	408025F
Army	Army does not intend to use this authority, which would have been funded in Operation and Maintenance, Army.								
Navy	Navy does not intend to use this authority, which would have been funded in Operation and Maintenance, Navy.								

Marines	Marine Corps does not intend to use this authority, which would have been funded in Operation and Maintenance, Marine Corps.								
Coast Guard	Coast Guard does not intend to use this authority, which would have been funded in Operation and Maintenance, Coast Guard.								
Total	+2.9	+2.9	+2.9	+2.9	+2.9	--	--	--	--

Cost Methodology: Pursuant to a 2013 agreement between the Secretary of Defense and the Secretary of Transportation, countersigned by the President, and as required by 49 U.S.C. 44305(b), DoD must indemnify the Federal Aviation Administration (FAA) for all claims paid under insurance policies issued by the FAA at DoD's request. The source of funds to pay such claims is specified in section 9514(b) of title 10, United States Code, as "any funds available to the Department of Defense for operation and maintenance…". It is impossible to predict when such claims may arise, as well as the amount of such claims. From Fiscal Year (FY) 2006 through FY 2017, in excess of $35 million has been paid to the FAA by DoD for 35 claims related to operations in Afghanistan, an average of $2.9 million per year. However, between the program's inception in 1958 and 2006, there were no major claims. In addition, the cost avoidance to DoD by providing insurance under this authority rather than reimbursing air carriers for unreasonably priced commercial insurance is similarly difficult to quantify, but may in some instances more than offset the amount paid in claims. Due to the nature of this program, outlays are only made as a result of a claim, so an historical average is used in the budget estimation.

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

§ 44310. Ending effective date

~~(a) IN GENERAL.—~~The authority of the Secretary of Transportation to provide insurance and reinsurance under any provision of this chapter other than section 44305 is not effective after December 11, 2014.

~~(b) INSURANCE OF UNITED STATES GOVERNMENT PROPERTY.—The authority of the Secretary of Transportation to provide insurance and reinsurance for a department, agency, or instrumentality of the United States Government under section 44305 is not effective after December 31, 2019.~~