SEC.___. PERMANENT AUTHORITY OF SECRETARY OF TRANSPORTATION TO ISSUE VESSEL WAR RISK INSURANCE.

(a) IN GENERAL.—Section 53912 of title 46, United States Code, is repealed.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 539 of title 46, United States Code, is amended by striking the item relating to section 53912.

[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 chapter 539 of title 46, United States Code, to make permanent the authority of the Secretary of Transportation to provide vessel war risk insurance. This authority has been in place since 1950. Under this program, the Secretary of Transportation, with the approval of the President, may provide insurance and reinsurance to United States (U.S.) and foreign vessels that provide service to the U.S. Government. The insurance covers loss or damage caused by war risks. Whenever it appears to the Secretary of Transportation that the insurance cannot be obtained on reasonable terms and conditions from the commercial insurance market, then such war risk insurance for vessels may be provided by the Secretary of Transportation only on the condition that such vessels are available for the U.S. Government in time of war or national emergency. This insurance program is a vital component of the Voluntary Intermodal Sealift Agreement (VISA) program. The VISA is a partnership between the U.S. Government and the maritime industry to provide the Department of Defense (DoD) with assured access to commercial sealift and intermodal capacity to support the emergency deployment and sustainment of U.S. military forces. The lack of insurance in wartime or other contingency operations would have the effect of making commercial sealift assets unavailable, crippling the DoD's ability to transport materiel in a timely manner.

Budget Implications: This is a non-budgetary proposal for the DoD. Claims under insurance policies issued pursuant to this authority program are paid by the Maritime Administration from the revolving fund established pursuant to section 53909 of title 46, United States Code.

Changes to Existing Law: This proposal would make the following changes to section 53912 of title 46, United States Code:

~~**§ 53912. Expiration date**~~

~~The authority of the Secretary of Transportation to provide insurance and reinsurance under this chapter expires on December 31, 2020.~~