

as the President may prescribe” as being more precise and for consistency in the revised title. The words “when the Secretary of Defense or the designated head agrees” are substituted for “in consideration of” for clarity. The words “any designated head” are substituted for “the agreement of . . . such agency” and “such other agencies” for clarity and because of the restatement.

AMENDMENTS

2002—Subsec. (a)(1). Pub. L. 107-217 substituted “sections 17302 and 17303 of title 40” for “sections 1 and 2 of the Government Losses in Shipment Act (40 U.S.C. 721, 722)”.

2001—Subsec. (b). Pub. L. 107-42 substituted “44302(c)” for “44302(b)”.

1997—Subsec. (b). Pub. L. 105-137 inserted at end “If such an agreement is countersigned by the President or the President’s designee, the agreement shall constitute, for purposes of section 44302(b), a determination that continuation of the aircraft operations to which the agreement applies is necessary to carry out the foreign policy of the United States.”

§ 44306. Premiums and limitations on coverage and claims

(a) PREMIUMS BASED ON RISK.—To the extent practical, the premium charged for insurance or reinsurance under this chapter shall be based on consideration of the risk involved.

(b) ALLOWANCES IN SETTING PREMIUM RATES FOR REINSURANCE.—In setting premium rates for reinsurance, the Secretary may make allowances to the insurance carrier for expenses incurred in providing services and facilities that the Secretary considers good business practices, except for payments by the insurance carrier for the stimulation or solicitation of insurance business.

(c) TIME LIMITS.—The Secretary of Transportation may provide insurance and reinsurance under this chapter for a period of not more than 1 year. The period may be extended for additional periods of not more than 1 year each only if the President decides, before each additional period, that the continued operation of the aircraft to be insured or reinsured is necessary in the interest of air commerce or national security or to carry out the foreign policy of the United States Government.

(d) MAXIMUM INSURED AMOUNT.—The insurance policy on an aircraft insured or reinsured under this chapter shall specify a stated amount that is not more than the value of the aircraft, as determined by the Secretary in accordance with reasonable business practices in the commercial aviation insurance industry. A claim under the policy may not be paid for more than that stated amount.

(Pub. L. 103-272, §1(e), July 5, 1994, 108 Stat. 1170; Pub. L. 105-137, §2(b), Dec. 2, 1997, 111 Stat. 2640; Pub. L. 107-42, title II, §201(d), Sept. 22, 2001, 115 Stat. 235; Pub. L. 107-71, title I, §§124(b), 147, Nov. 19, 2001, 115 Stat. 631, 645; Pub. L. 107-296, title XII, §1203, Nov. 25, 2002, 116 Stat. 2287; Pub. L. 108-176, title I, §106(c), (e), Dec. 12, 2003, 117 Stat. 2499.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
44306(a)	49 App.:1532(b).	Aug. 23, 1958, Pub. L. 85-726, §1302(b), (c), 72 Stat. 801; restated Nov. 9, 1977, Pub. L. 95-163, §2, 91 Stat. 1279.

HISTORICAL AND REVISION NOTES—CONTINUED

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
44306(b)	49 App.:1532(c).	
44306(c)	49 App.:1537(a) (last sentence less words between 2d and 3d commas).	Aug. 23, 1958, Pub. L. 85-726, §1307(a) (last sentence less words between 2d and 3d commas), 72 Stat. 804; Oct. 4, 1984, Pub. L. 98-443, §9(b), 98 Stat. 1706.

In subsection (a), the words “To the extent” are substituted for “insofar as” for consistency.

In subsection (b), the word “initial” is omitted as surplus. The words “The period” are substituted for “Such insurance or reinsurance”, and the words “the President decides . . . that the continued operation of the aircraft to be insured or reinsured is necessary to carry out the foreign policy of the United States Government” are substituted for “the President makes the same determination with respect to such extension as he is required to make under paragraph (2) of subsection (a) of this section for the initial provision of such insurance or reinsurance”, for clarity.

In subsection (c), the words “or reinsured” are added for consistency. The words “to be paid in the event of total loss” are omitted as unnecessary because of the last sentence. The words “A claim under the policy may not be paid for more than that stated amount” are substituted for “the amount of any claim which is compromised, settled, adjusted, or paid shall in no event exceed such stated amount” to eliminate unnecessary words.

AMENDMENTS

2003—Subsec. (b). Pub. L. 108-176, §106(c), substituted “by the insurance carrier” for “by the air carrier”.

Subsec. (c). Pub. L. 108-176, §106(e), made technical correction to directory language of Pub. L. 107-71, §124(b). See 2001 Amendment note below.

2002—Subsec. (c). Pub. L. 107-296 made technical correction to directory language of Pub. L. 107-71, §147. See 2001 Amendment note below.

2001—Subsec. (b). Pub. L. 107-42, §201(d)(2), added subsec. (b). Former subsec. (b) redesignated (c).

Subsec. (c). Pub. L. 107-71, §147, as amended by Pub. L. 107-296, substituted “1 year” for “60 days” in two places.

Pub. L. 107-71, §124(b), as amended by Pub. L. 108-176, §106(e), inserted “in the interest of air commerce or national security or” before “to carry out the foreign policy”.

Pub. L. 107-42, §201(d)(1), redesignated subsec. (b) as (c). Former subsec. (c) redesignated (d).

Subsec. (d). Pub. L. 107-42, §201(d)(1), redesignated subsec. (c) as (d).

1997—Subsec. (c). Pub. L. 105-137 substituted “as determined by the Secretary in accordance with reasonable business practices in the commercial aviation insurance industry.” for “as determined by the Secretary.”

EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by section 106(c) of Pub. L. 108-176 applicable only to fiscal years beginning after Sept. 30, 2003, except as otherwise specifically provided, see section 3 of Pub. L. 108-176, set out as a note under section 106 of this title.

Pub. L. 108-176, title I, §106(e), Dec. 12, 2003, 117 Stat. 2499, provided that the amendment made by section 106(e) is effective Nov. 19, 2001.

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-296, title XII, §1203, Nov. 25, 2002, 116 Stat. 2287, provided that the amendment made by section 1203 is effective Nov. 19, 2001.

DELEGATION OF AUTHORITY

Authority of President under subsec. (c) of this section delegated to Secretary of Transportation, with

certain conditions, by Memorandum of President of the United States, Dec. 27, 2013, 79 F.R. 527, set out as a note under section 44302 of this title.

§ 44307. Revolving fund

(a) EXISTENCE, DISBURSEMENTS, APPROPRIATIONS, AND DEPOSITS.—(1) There is a revolving fund in the Treasury. The Secretary of the Treasury shall disburse from the fund payments to carry out this chapter.

(2) Necessary amounts to carry out this chapter may be appropriated to the fund. The amounts appropriated and other amounts received in carrying out this chapter shall be deposited in the fund.

(b) INVESTMENT.—On request of the Secretary of Transportation, the Secretary of the Treasury may invest any part of the amounts in the revolving fund in interest-bearing securities of the United States Government. The interest on, and the proceeds from the sale or redemption of, the securities shall be deposited in the fund.

(c) EXCESS AMOUNTS.—The balance in the revolving fund in excess of an amount the Secretary of Transportation determines is necessary for the requirements of the fund and for reasonable reserves to maintain the solvency of the fund shall be deposited at least annually in the Treasury as miscellaneous receipts.

(d) EXPENSES.—The Secretary of Transportation shall deposit annually an amount in the Treasury as miscellaneous receipts to cover the expenses the Government incurs when the Secretary of Transportation uses appropriated amounts in carrying out this chapter. The deposited amount shall equal an amount determined by multiplying the average monthly balance of appropriated amounts retained in the revolving fund by a percentage that is at least the current average rate payable on marketable obligations of the Government. The Secretary of the Treasury shall determine annually in advance the percentage applied.

(Pub. L. 103-272, §1(e), July 5, 1994, 108 Stat. 1170.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
44307(a)	49 App.:1536(a), (b).	Aug. 23, 1958, Pub. L. 85-726, §1306(a)-(d), 72 Stat. 803.
44307(b)	49 App.:1536(f).	Aug. 23, 1958, Pub. L. 85-726, 72 Stat. 731, §1306(f); added Aug. 9, 1975, Pub. L. 94-90, §1(a), 89 Stat. 439.
44307(c)	49 App.:1536(c).	
44307(d)	49 App.:1536(d).	

In subsection (a)(1), the first sentence is added for clarity. The last sentence is substituted for 49 App.:1536(a) (last sentence) to eliminate unnecessary words and for consistency in the revised title.

In subsection (a)(2), the words “The amounts appropriated and other amounts received in carrying out this chapter” are substituted for “Moneys appropriated by Congress to carry out the provisions of this subchapter and all moneys received from premiums, salvage, or other recoveries and all receipts in connection with this subchapter” to eliminate unnecessary words.

In subsection (b), the words “any part” are substituted for “all or any part” to eliminate unnecessary words. The words “held in the revolving fund” are omitted as surplus. The words “deposited in” are substituted for “credited to and form a part of” for consistency.

In subsection (d), the words “The Secretary of Transportation shall deposit annually an amount in the Treasury” are substituted for “Annual payments shall be made by the Secretary to the Treasury of the United States”, the words “The deposited amount shall equal an amount determined by multiplying” are substituted for “These payments shall be computed by applying to”, and the words “a percentage that is at least the current average rate payable on marketable obligations of the Government” are substituted for “a percentage” and “Such percentage shall not be less than the current average rate which the Treasury pays on its marketable obligations”, for clarity.

§ 44308. Administrative

(a) COMMERCIAL PRACTICES.—The Secretary of Transportation may carry out this chapter consistent with commercial practices of the aviation insurance business.

(b) ISSUANCE OF POLICIES AND DISPOSITION OF CLAIMS.—(1) The Secretary may issue insurance policies to carry out this chapter. The Secretary may prescribe the forms, amounts insured under the policies, and premiums charged. Any such policy may authorize the binding arbitration of claims made thereunder in such manner as may be agreed to by the Secretary and any commercial insurer that may be responsible for any part of a loss to which such policy relates. The Secretary may change an amount of insurance or a premium for an existing policy only with the consent of the insured.

(2) For a claim under insurance authorized by this chapter, the Secretary may—

(A) settle and pay the claim made for or against the United States Government;

(B) pay the amount of a binding arbitration award made under paragraph (1); and

(C) pay the amount of a judgment entered against the Government.

(c) UNDERWRITING AGENT.—(1) The Secretary may, and when practical shall, employ an insurance carrier or group of insurance carriers to act as an underwriting agent. The Secretary may use the agent, or a claims adjuster who is independent of the underwriting agent, to adjust claims under this chapter, but claims may be paid only when approved by the Secretary.

(2) The Secretary may pay reasonable compensation to an underwriting agent for servicing insurance the agent writes for the Secretary. Compensation may include payment for reasonable expenses incurred by the agent but may not include a payment by the agent for stimulation or solicitation of insurance business.

(3) Except as provided by this subsection, the Secretary may not pay an insurance broker or other person acting in a similar capacity any consideration for arranging insurance when the Secretary directly insures any part of the risk.

(d) BUDGET.—The Secretary shall submit annually a budget program for carrying out this chapter as provided for wholly owned Government corporations under chapter 91 of title 31.

(e) ACCOUNTS.—The Secretary shall maintain a set of accounts for audit under chapter 35 of title 31. Notwithstanding chapter 35, the Comptroller General shall allow credit for expenditures under this chapter made consistent with commercial practices in the aviation insurance business when shown to be necessary because of the business activities authorized by this chapter.