

may provide insurance under this chapter at the request of the Secretary of Defense and other agencies the President may prescribe, without payment of an insurance premium if the Secretary of Defense or agency agrees to indemnify the Secretary of Transportation against loss covered by the insurance. The Secretary of Defense and agencies may make such an indemnity agreement.

(c) PRESIDENTIAL APPROVAL.—The signature of the President (or an official designated by the President) on the agreement shall be treated as the approval required by section 53902(a) of this title.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1628.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
53905	46 App.:1285.	June 29, 1936, ch. 858, title XII, §1205, as added Sept. 7, 1950, ch. 906, 64 Stat. 774; Pub. L. 105-261, div. A, title X, §1071(a), Oct. 17, 1998, 112 Stat. 2137.

§ 53906. Hull insurance valuation

(a) STATED VALUATION.—The valuation in a hull insurance policy for actual or constructive total loss of the insured vessel shall be a stated valuation determined by the Secretary of Transportation. The stated valuation—

(1) shall exclude national defense features paid for by the United States Government; and

(2) may not exceed the amount that would be payable if the ownership of the vessel had been requisitioned under chapter 563 of this title at the time the insurance attached under the policy.

(b) REJECTING STATED VALUATION.—Within 60 days after the insurance attaches under a policy referred to in subsection (a) or within 60 days after the Secretary determines the valuation, whichever is later, the insured may reject the valuation and pay, at the rate provided in the policy, premiums based on the asserted valuation the insured specifies at the time of rejection. However, the asserted valuation is not binding on the Government in any subsequent action on the policy.

(c) AMOUNT OF CLAIM.—If a vessel is actually or constructively totally lost and the insured under a policy referred to in subsection (a) has not rejected the stated valuation determined by the Secretary, the amount of a claim adjusted, compromised, settled, adjudged, or paid may not exceed the stated valuation. However, if the insured has rejected the valuation, the insured—

(1) shall be paid, as a tentative advance only, 75 percent of the stated valuation; and

(2) may bring a civil action against the United States in a court having jurisdiction of the claim to recover a valuation equal to the just compensation the court determines would have been payable if the ownership of the vessel had been requisitioned under chapter 563 of this title at the time the insurance attached under the policy.

(d) ADJUSTING PREMIUMS.—If a court makes a determination as provided under subsection

(c)(2), premiums paid under the policy shall be adjusted based on the court's determination and the rates provided for in the policy.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1629.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
53906	46 App.:1289(a)(2).	June 29, 1936, ch. 858, title XII, §1209(a)(2), as added Sept. 7, 1950, ch. 906, 64 Stat. 775; Aug. 3, 1956, ch. 929, §1, 70 Stat. 984; Pub. L. 88-478, §1, Aug. 22, 1964, 78 Stat. 587.

In subsection (c), the words “Provided, That in the event of an election by the insured to reject the stated valuation fixed by the Secretary and to sue in the courts, the amount of the judgment will be payable without regard to the limitations contained in section 1242-1 of this Appendix, although the excess of any amounts advanced on account of just compensation over the amount of the court judgment will be required to be refunded” are omitted as obsolete because the section referred to, which was from the Department of Commerce and Related Agencies Appropriation Act, 1959 (Pub. L. 85-469, 72 Stat. 231), has been omitted from the United States Code as obsolete.

§ 53907. Reinsurance

(a) IN GENERAL.—To the extent the Secretary of Transportation is authorized to provide insurance under this chapter, the Secretary may provide reinsurance to a company authorized to do insurance business in a State of the United States. The Secretary may obtain reinsurance from such a company for any insurance provided by the Secretary under this chapter.

(b) RATES.—The Secretary may not provide reinsurance at rates less than, nor obtain reinsurance at rates more than, the rates established by the Secretary on the same or similar risks or the rates charged by the insurance company for the insurance reinsured, whichever is more advantageous to the Secretary. However, the Secretary may provide an allowance to the insurance company for the costs of services and facilities the company provides, in an amount the Secretary considers reasonable according to good business practice. The allowance to the company may not include any amount for soliciting or stimulating insurance business.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1629.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
53907	46 App.:1287.	June 29, 1936, ch. 858, title XII, §1207, as added Sept. 7, 1950, ch. 906, 64 Stat. 775.

In subsection (a), the words “insurance under this chapter” are substituted for “marine, war risk, and liability insurance” for consistency in this chapter. The words “in whole or in part” are omitted as unnecessary. The words “obtain reinsurance from” are substituted for “reinsure with, or cede or retrocede to” for clarity and to eliminate unnecessary words.

§ 53908. Additional insurance privately obtained

With the approval of the Secretary of Transportation, a person having an insurable interest in a vessel may obtain insurance on the vessel