

EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by 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.

EFFECTIVE DATE OF 2002 AMENDMENT

Amendment by Pub. L. 107-296 effective 60 days after Nov. 25, 2002, see section 4 of Pub. L. 107-296, set out as an Effective Date note under section 101 of Title 6, Domestic Security.

EXTENSION OF LIMITATION OF AIR CARRIER LIABILITY

Pub. L. 109-289, div. B, title II, §21002(b), as added by Pub. L. 110-5, §2, Feb. 15, 2007, 121 Stat. 48, provided that subsec. (b) of this section would be applied by substituting "September 30, 2007" for "December 31, 2006".

§ 44304. Reinsurance

To the extent the Secretary of Transportation is authorized to provide insurance under this chapter, the Secretary may reinsure any part of the insurance provided by an insurance carrier. The Secretary may reinsure with, transfer to, or transfer back to, any insurance carrier any insurance or reinsurance provided by the Secretary under this chapter.

(Pub. L. 103-272, §1(e), July 5, 1994, 108 Stat. 1169; Pub. L. 107-42, title II, §201(c), Sept. 22, 2001, 115 Stat. 235; Pub. L. 112-95, title VII, §703, Feb. 14, 2012, 126 Stat. 118.)

HISTORICAL AND REVISION NOTES

Table with 3 columns: Revised Section, Source (U.S. Code), Source (Statutes at Large). Rows for 44304(a) and 44304(b).

In subsection (a), the words "may reinsure any part of the insurance provided by an insurance carrier" are substituted for "may reinsure, in whole or in part, any company authorized to do an insurance business" for clarity and consistency with source provisions restated in this subchapter and the definition of "insurance carrier" in section 44301 of the revised title. The words "transfer to, or transfer back to" are substituted for "cede or retrocede to" for clarity.

In subsection (b), the word "same" is omitted as being included in "similar". The words "on account of the cost of" are omitted as surplus. The word "providing" is substituted for "rendered" and "furnished" because it is inclusive. The words "except for" are substituted for "but such allowance to the carrier shall not provide for" to eliminate unnecessary words.

Editorial Notes

AMENDMENTS

2012—Pub. L. 112-95 substituted "any insurance carrier" for "the carrier".

2001—Pub. L. 107-42 struck out subsec. (a) designation and heading "General Authority" and struck out subsec. (b) which read as follows:

"(b) PREMIUM LEVELS.—The Secretary may provide reinsurance at premiums not less than, or obtain reinsurance at premiums not higher than, the premiums the Secretary establishes on similar risks or the premiums the insurance carrier charges for the insurance to be reinsured by the Secretary, whichever is most advantageous to the Secretary. However, the Secretary may make allowances to the insurance carrier for expenses incurred in providing services and facilities that the Secretary considers good business practice, except

for payments by the carrier for the stimulation or solicitation of insurance business."

§ 44305. Insuring United States Government property

(a) GENERAL.—With the approval of the President, a department, agency, or instrumentality of the United States Government may obtain—

(1) insurance under this chapter, including insurance for risks from operating an aircraft in intrastate or interstate air commerce, but not including insurance on valuables subject to sections 17302 and 17303 of title 40; and

(2) insurance for risks arising from providing goods or services directly related to and necessary for operating an aircraft covered by insurance obtained under clause (1) of this subsection if the aircraft is operated—

(A) in carrying out a contract of the department, agency, or instrumentality; or

(B) to transport military forces or materiel on behalf of the United States under an agreement between the Government and the government of a foreign country.

(b) PREMIUM WAIVERS AND INDEMNIFICATION.—

With the approval required under subsection (a) of this section, the Secretary of Transportation may provide the insurance without premium at the request of the Secretary of Defense or the head of a department, agency, or instrumentality designated by the President when the Secretary of Defense or the designated head agrees to indemnify the Secretary of Transportation against all losses covered by the insurance. The Secretary of Defense and any designated head may make indemnity agreements with the Secretary of Transportation under this section. If such an agreement is countersigned by the President or the President's designee, the agreement shall constitute, for purposes of section 44302(c), 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.

(Pub. L. 103-272, §1(e), July 5, 1994, 108 Stat. 1170; Pub. L. 105-137, §3, Dec. 2, 1997, 111 Stat. 2640; Pub. L. 107-42, title II, §201(e), Sept. 22, 2001, 115 Stat. 236; Pub. L. 107-217, §3(n)(6), Aug. 21, 2002, 116 Stat. 1303.)

HISTORICAL AND REVISION NOTES

Table with 3 columns: Revised Section, Source (U.S. Code), Source (Statutes at Large). Row for 44305.

In this section, the words "a department, agency, or instrumentality" are substituted for "Any department or agency" for clarity and consistency in the revised title and with other titles of the United States Code.

In subsection (a)(1), the words "obtain insurance under this chapter" are substituted for "procure from the Secretary any of the insurance provided under this subchapter" to eliminate unnecessary words. The words "overseas air commerce" are omitted for the reasons given in the revision note for section 40101.

In subsection (b), the words "or the head of a department, agency, or instrumentality designated by the President" are substituted for "and such other agencies 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 re-statement.

**Editorial Notes**

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.

**Editorial Notes**

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.”

**Statutory Notes and Related Subsidiaries**

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.