

Calendar No. 434

116TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ 116-219

WAR RISK INSURANCE EXTENSION ACT OF
2019

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION

ON

S. 2964



FEBRUARY 27, 2020.—Ordered to be printed

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTEENTH CONGRESS

SECOND SESSION

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Mr. WICKER, from the Committee on Commerce, Science, and
Transportation, submitted the following

R E P O R T

[To accompany S. 2964]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 2964) to amend title 49, United States Code, to extend the authority of the Secretary of Transportation to issue non-premium aviation insurance, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE BILL

The purpose of S. 2964 is to extend the current authority of the Secretary of Transportation to issue non-premium aviation insurance until December 31, 2020.

BACKGROUND AND NEEDS

The Secretary of Transportation is authorized to provide insurance to U.S. airlines without premium, commonly known as war risk insurance, if the Secretary of Defense or the head of another U.S. Government agency agrees to indemnify the Secretary of Transportation against all losses covered by the insurance.¹ The authority for the Secretary of Transportation to offer this insurance was set to expire on December 31, 2019.² S. 2964, the War Risk Insurance Extension Act of 2019, would extend the current author-

¹49 U.S.C. 44305.

²49 U.S.C. 44310(b).

ity until December 31, 2020, but would not otherwise modify the underlying authority.

War risk insurance is necessary to support the Civil Reserve Air Fleet (CRAF) and other air operators performing U.S. Government contracts, specifically in support of the Department of Defense (DOD). According to the Department of Transportation (DOT), the CRAF is a “cooperative, voluntary program involving the DOT, DOD and the U.S. civil air carrier industry in a partnership to augment DOD aircraft capability during a national defense related crisis”.³ In exchange for agreeing to volunteer their aircraft for military service during wartime, CRAF air carriers receive “preference in carrying commercial peacetime cargo and passenger traffic for DOD”.⁴

LEGISLATIVE HISTORY

S. 2964, the War Risk Insurance Extension Act of 2019, was introduced on December 3, 2019, by Senator Wicker (for himself and Senator Cantwell) and was referred to the Committee on Commerce, Science, and Transportation of the Senate. On December 11, 2019, the Committee met in open Executive Session and, by voice vote, ordered S. 2964 reported favorably without amendment.

The National Defense Authorization Act for Fiscal Year 2020 extended the Secretary of Transportation’s authority to offer war risk insurance until September 30, 2023. That bill was enacted as Public Law 116–92 on December 20, 2019.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

| S. 2964, War Risk Insurance Extension Act of 2019 | | | |
|---|------|-------------------------------------|-----------|
| As ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 11, 2019 | | | |
| By Fiscal Year, Millions of Dollars | 2020 | 2020-2024 | 2020-2029 |
| Direct Spending (Outlays) | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 |
| Increase or Decrease (-) in the Deficit | 0 | 0 | 0 |
| Spending Subject to Appropriation (Outlays) | 0 | 0 | 0 |
| Statutory pay-as-you-go procedures apply? | No | Mandate Effects | |
| Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030? | No | Contains intergovernmental mandate? | No |
| | | Contains private-sector mandate? | No |

³U.S. Department of Transportation, “Civil Reserve Airfleet Allocations” (<https://www.transportation.gov/mission/administrations/intelligence-security-emergency-response/civil-reserve-airfleet-allocations>) (accessed Feb. 5, 2020).

⁴Id.

S. 2964 would reauthorize the Federal Aviation Administration's (FAA's) Aviation War Risk Insurance Program through December 31, 2020. The program provides free insurance to certain air carriers engaged in operations that are deemed essential to the foreign policy or national security interests of the United States.

Under current law, the FAA is authorized to issue such insurance through September 30, 2023. Because the insurance may be offered under current law through December 31, 2020, CBO estimates that implementing S. 2964 would have no effect on the federal budget.

The CBO staff contact for this estimate is Aaron Krupkin. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

REGULATORY IMPACT STATEMENT

Because S. 2964 does not create any new programs, the legislation will have no additional regulatory impact, and will result in no additional reporting requirements. The legislation will have no further effect on the number or types of individuals and businesses regulated, the economic impact of such regulation, the personal privacy of affected individuals, or the paperwork required from such individuals and businesses.

CONGRESSIONALLY DIRECTED SPENDING

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee provides that no provisions contained in the bill, as reported, meet the definition of congressionally directed spending items under the rule.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title.

This section would provide that the bill may be cited as the "War Risk Insurance Extension Act of 2019".

Section 2. Extension of authority.

This section would extend the current authority of the Secretary of Transportation to offer war risk insurance until December 31, 2020.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 49—TRANSPORTATION

SUBTITLE VII—AVIATION PROGRAMS

PART A—AIR COMMERCE AND SAFETY

SUBPART III—SAFETY

CHAPTER 443—INSURANCE

* * * * *

§ 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]** *December 31, 2020*.

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