

Calendar No. 274

105TH CONGRESS
1ST Session

S. 1193

[Report No. 105-140]

A BILL

To amend chapter 443 of title 49, United States Code, to extend the authorization of the aviation insurance program, and for other purposes.

NOVEMBER 6, 1997

Reported with an amendment in the nature of a substitute

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To amend chapter 443 of title 49, United States Code, to extend the authorization of the aviation insurance program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 18, 1997

Mr. GORTON (for himself, Mr. MCCAIN, Mr. HOLLINGS, and Mr. FORD) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

NOVEMBER 6, 1997

Reported by Mr. MCCAIN, with an amendment in the nature of a substitute
[Strike all after the enacting clause and insert the part printed in italic]

A BILL

To amend chapter 443 of title 49, United States Code, to extend the authorization of the aviation insurance program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 ~~This Act may be cited as the “Aviation Insurance Re-~~
5 ~~authorization Act of 1997”.~~

1 **SEC. 2. VALUATION OF AIRCRAFT.**

2 (a) ~~GENERAL AUTHORITY FOR INSURANCE AND RE-~~
3 ~~INSURANCE.~~—Section 44302(a)(2) of title 49, United
4 States Code, is amended by striking “as determined by
5 the Secretary.” and inserting “as determined by the Sec-
6 retary in accordance with reasonable business practices in
7 the commercial aviation insurance industry.”.

8 (b) ~~LIMITATION ON MAXIMUM INSURED AMOUNT.~~—
9 Section 44306(c) of title 49, United States Code, is
10 amended by striking “as determined by the Secretary.”
11 and inserting “as determined by the Secretary in accord-
12 ance with reasonable business practices in the commercial
13 aviation insurance industry.”.

14 **SEC. 3. EFFECT OF INDEMNITY AGREEMENTS.**

15 Section 44305(b) of title 49, United States Code, is
16 amended by adding at the end the following: “If such an
17 agreement is countersigned by the President or the Presi-
18 dent’s designee, the agreement shall constitute, for pur-
19 poses of section 44302(b), a determination that continu-
20 ation of the aircraft operations to which the agreement
21 applies is necessary to carry out the foreign policy of the
22 United States.”.

23 **SEC. 4. BORROWING AUTHORITY.**

24 (a) ~~IN GENERAL.~~—Section 44307 of title 49, United
25 States Code, is amended by adding at the end the follow-
26 ing:

1 “(e) BORROWING.—

2 “(1) ISSUANCE OF OBLIGATIONS.—Subject to
3 the provisions of this subsection, the Administrator
4 of the Federal Aviation Administration may issue
5 and sell such notes or other obligations to the Sec-
6 retary of the Treasury as the Administrator deter-
7 mines are necessary to provide funds to carry out
8 this chapter. This authority, while available for ini-
9 tial payments made by the Department of Transpor-
10 tation for any loss covered by Department of De-
11 fense-related non-premium aviation insurance, does
12 not remove the Department of Defense’s responsibil-
13 ities under section 9514 of title 10, United States
14 Code, to provide prompt indemnification to the De-
15 partment of Transportation for the amount of the
16 loss.

17 “(2) TERMS AND CONDITIONS.—Obligations
18 under this subsection shall be issued in the forms
19 and denominations, bearing the maturities, and sub-
20 ject to the terms and conditions that the Secretary
21 of the Treasury may prescribe.

22 “(3) NOTIFICATION OF CONGRESS.—At least
23 25 days before the Administrator intends to issue
24 and sell a note or other obligation under paragraph
25 (1), the Administrator shall notify, in writing, the

1 Senate and House of Representatives of such inten-
2 tion and the dollar amount of such note or obliga-
3 tion.

4 “(4) PURCHASE OF OBLIGATIONS.—The Sec-
5 retary of the Treasury shall purchase any obligations
6 issued under this subsection. For such purpose, the
7 Secretary of the Treasury may use as a public debt
8 transaction the proceeds from the sale of any securi-
9 ties issued under the Second Liberty Bond Act. The
10 purposes for which securities may be issued under
11 such Act are extended to include any purchase of ob-
12 ligations issued under this subsection.

13 “(5) RESALE AUTHORITY.—The Secretary of
14 the Treasury may sell any obligations issued under
15 this subsection at the times and prices and upon the
16 terms and conditions that the Secretary of the
17 Treasury shall determine.

18 “(6) TREATMENT.—All purchases, redemptions,
19 and sales of obligations under this subsection by the
20 Secretary of the Treasury shall be treated as public
21 debt transactions of the United States.”

22 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
23 44307(a) of such title is amended by striking paragraph
24 (2) and inserting the following:

1 “(2) AUTHORIZATION OF APPROPRIATIONS.—
 2 Necessary amounts to carry out this chapter, includ-
 3 ing amounts required to pay the interest accrued on,
 4 or to repay the principal of, obligations issued under
 5 subsection (e), may be appropriated to the fund.

6 “(3) DEPOSIT IN FUND.—The amounts appro-
 7 priated and other amounts received, including the
 8 proceeds of the sale of obligations issued under sub-
 9 section (e), shall be deposited in the fund.”.

10 (e) CONFORMING AMENDMENT.—Section 44307(d)
 11 of such title is amended by adding at the end the follow-
 12 ing: “This subsection does not apply to amounts appro-
 13 priated for paying interest accrued on, or for repaying the
 14 principal of, obligations issued under subsection (e).”.

15 **SEC. 5. ARBITRATION AUTHORITY.**

16 (a) AUTHORIZATION OF BINDING ARBITRATION.—
 17 Section 44308(b)(1) of title 49, United States Code, is
 18 amended by inserting after the second sentence the follow-
 19 ing: “Any such policy may authorize the binding arbitra-
 20 tion of claims made thereunder in such manner as may
 21 be agreed to by the Secretary and any commercial insurer
 22 that may be responsible for any part of a loss to which
 23 such policy relates.”.

24 (b) AUTHORITY TO PAY ARBITRATION AWARD.—Sec-
 25 tion 44308(b)(2) of such title is amended—

1 (1) by striking “and” at the end of subpara-
2 graph (A);

3 (2) by redesignating subparagraph (B) as sub-
4 paragraph (C); and

5 (3) by inserting after subparagraph (A) the fol-
6 lowing:

7 “(B) pay the amount of a binding arbitra-
8 tion award made under paragraph (1); and”.

9 **SEC. 6. EXTENSION OF PROGRAM.**

10 Section 44310 of title 49, United States Code, is
11 amended by striking “1997” and inserting “2002”.

12 **SEC. 7. USE OF AIRCRAFT FOR DEMONSTRATION.**

13 Section 40102(37)(A) of title 49, United States Code,
14 is amended—

15 (1) by striking “or” in clause (i);

16 (2) by redesignating clause (ii) as clause (iii);

17 and

18 (3) by inserting after clause (i) the following:

19 “(ii) owned by the United States Gov-
20 ernment and operated by any person for
21 purposes related to crew training; equip-
22 ment development; or demonstration; or”.

23 **SECTION 1. SHORT TITLE.**

24 *This Act may be cited as the “Aviation Insurance Re-*
25 *authorization Act of 1997”.*

1 **SEC. 2. VALUATION OF AIRCRAFT.**

2 (a) *GENERAL AUTHORITY FOR INSURANCE AND REIN-*
 3 *SURANCE.*—Section 44302(a)(2) of title 49, United States
 4 Code, is amended by striking “as determined by the Sec-
 5 retary.” and inserting “as determined by the Secretary in
 6 accordance with reasonable business practices in the com-
 7 mercial aviation insurance industry.”.

8 (b) *LIMITATION ON MAXIMUM INSURED AMOUNT.*—
 9 Section 44306(c) of title 49, United States Code, is amended
 10 by striking “as determined by the Secretary.” and inserting
 11 “as determined by the Secretary in accordance with reason-
 12 able business practices in the commercial aviation insur-
 13 ance industry.”.

14 **SEC. 3. EFFECT OF INDEMNITY AGREEMENTS.**

15 Section 44305(b) of title 49, United States Code, is
 16 amended by adding at the end the following: “If such an
 17 agreement is countersigned by the President or the Presi-
 18 dent’s designee, the agreement shall constitute, for purposes
 19 of section 44302(b), a determination that continuation of
 20 the aircraft operations to which the agreement applies is
 21 necessary to carry out the foreign policy of the United
 22 States.”.

23 **SEC. 4. ARBITRATION AUTHORITY.**

24 (a) *AUTHORIZATION OF BINDING ARBITRATION.*—Sec-
 25 tion 44308(b)(1) of title 49, United States Code, is amended
 26 by inserting after the second sentence the following: “Any

1 *such policy may authorize the binding arbitration of claims*
 2 *made thereunder in such manner as may be agreed to by*
 3 *the Secretary and any commercial insurer that may be re-*
 4 *sponsible for any part of a loss to which such policy re-*
 5 *lates.”.*

6 (b) *AUTHORITY TO PAY ARBITRATION AWARD.—Sec-*
 7 *tion 44308(b)(2) of such title is amended—*

8 (1) *by striking “and” at the end of subpara-*
 9 *graph (A);*

10 (2) *by redesignating subparagraph (B) as sub-*
 11 *paragraph (C); and*

12 (3) *by inserting after subparagraph (A) the fol-*
 13 *lowing:*

14 “(B) *pay the amount of a binding arbitra-*
 15 *tion award made under paragraph (1); and”.*

16 **SEC. 5. EXTENSION OF PROGRAM.**

17 (a) *IN GENERAL.—Section 44310 of title 49, United*
 18 *States Code, is amended by striking “September 30, 2002”*
 19 *and inserting “December 31, 1998”.*

20 (b) *EFFECTIVE DATE.—The amendment made by sub-*
 21 *section (a) takes effect on October 1, 1997.*

22 **SEC. 6. USE OF AIRCRAFT FOR DEMONSTRATION.**

23 *Section 40102(a)(37)(A) of title 49, United States*
 24 *Code, is amended—*

25 (1) *by striking “or” in clause (i);*

1 (2) *by redesignating clause (ii) as clause (iii);*

2 *and*

3 (3) *by inserting after clause (i) the following:*

4 *“(i) owned by the United States Gov-*
5 *ernment and operated by any person for*
6 *purposes related to crew training, equip-*
7 *ment development, or demonstration; or”.*