

**STATEMENT OF COMMISSIONER REBECCA DYE
PASSENGER VESSEL FINANCIAL RESPONSIBILITY
REQUIREMENTS
DOCKET 11-16
FEBRUARY 13, 2013**

Regulatory Restraint

- **I believe that Government agencies should not increase the private sector's regulatory compliance costs unless absolutely necessary.**
- **Our primary priority should be to reduce the regulatory burden on businesses and encourage additional job creation.**
- **I believe that the only effective passenger indemnification requirement is based on the risk that a cruise ship passenger will not be reimbursed for cruise ship nonperformance.**

- I also believe that an effective system should take into consideration all available sources of indemnification.
- Unfortunately, the Final Rule before us today does not adopt a risk-based approach or consider all sources of indemnification.

History of Passenger Vessel Financial Responsibility Rules

- Since I joined the Commission in December, 2002, we have considered changes to our passenger vessel responsibility rules at 13 Commission meetings and two public hearings.
- During this period, a majority of the Commissioners has never agreed on an approach to amend our passenger vessel financial responsibility rules.

Additional Reasons to Oppose Final Rule

- I am opposed to raising the financial responsibility requirements for cruise ships,

and I believe the Commission should not adopt the Final Rule today for two particular reasons.

- First, the Final Rule's use of credit card receipts as substitute financial responsibility could have the unintended consequence of causing credit card companies to increase cruise ship company collateral requirements or include holdbacks or letters of credit as protection against the event of nonperformance.**
- This is especially a risk for smaller, U.S.-flag operators.**
- The credit card companies strongly opposed a similar suggestion in Commission Docket 02-15 regarding passenger vessel financial responsibility, and I believe it is unwise to adopt this approach without their comments and involvement.**
- Second, the Regulatory Flexibility Act, which is designed to protect our small U.S.-flag passenger vessel operators, requires us to take**

public comment on the factual basis supporting the decision to certify that a rule will not have a significant economic impact on a substantial number of small entities.

- Our proposed rule did not include our reasoning and the explicit assumptions underlying our certification, as required by the Small Business Administration.**
- Therefore, we have yet to obtain comments from small business operators on the factual basis supporting our decision.**
- Because we failed to include the factual basis in the proposed rule, we must cure that deficiency and allow the public to comment on the factual basis of the certification before we proceed to a Final Rule.**
- I believe we must at least take the time to address these problems and release this rule for additional public comment.**
- Thank you, Commissioner Cordero.**