HOW TO BECOME AN ON-DEMAND
AIR CARRIER OPERATOR

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AFS-260

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TABLE OF CONTENTS

Part I: Introduction to On-Demand Air Carrier Operations ......................................................... 3

Part II: How to Apply for On-Demand Air Carrier Authority .................................................... 3

Part III: DOT Forms And Instructions For Completing Forms .................................................. 3
A. Form Submissions .................................................................................................................. 3
B. Assistance with OST Forms ................................................................................................... 4
C. Instructions for Completing OST Form 4507 ....................................................................... 4
D. Instruction for Completing OST Form 6410, Certificate of Insurance ................................. 9

Part IV: Applicable Department of Transportation Regulations ................................................. 12
A. 14 CFR Part 205: Link to part 205 .......................................................................................... 12
B. 14 CFR Part 298: Link to Part 298 ........................................................................................ 12

Part V: FAA Certification Requirements for Air Carriers and Commercial Operators ............ 12
A. Background ............................................................................................................................ 12
B. 14 CFR Part 119: Link to Part 119 ......................................................................................... 12
C. 14 CFR Part 135: Link to Part 135 ....................................................................................... 12
D. Advisory Circular 120-49A: Link to AC 120-49A ................................................................. 12

FIGURES

Figure 1a, Sample Form 4507 .................................................................................................... 7
Figure 1b, Sample Form 4507 .................................................................................................. 8
Figure 2a, Sample Form 6410 ................................................................................................. 10
Figure 2b, Sample Form 6410 ................................................................................................. 11
PART I: INTRODUCTION TO ON-DEMAND AIR CARRIER OPERATIONS

In Title 14 of the Code of Federal Regulations (14 CFR), the Department of Transportation (DOT) established a classification of air carriers designated as "on-demand air carrier operators." These carriers engage in air transportation\(^1\) using "small aircraft," that is, aircraft which have a maximum passenger capacity of 60 seats or less and a maximum payload capacity of 18,000 pounds or less\(^2\). An air carrier, if authorized, may conduct passenger, cargo and mail service in air transportation between any points and at any rates or fares, except as limited by 14 CFR Part 298. The carrier can operate indefinitely as long as it complies with all the requirements of Part 298 and relevant Federal Aviation Administration (FAA) regulations. These requirements have the force of law, and any violations (such as flying without a valid aircraft liability insurance certificate on file with the Department) can result in severe penalties including revocation of operating authority. Please read Part 298 carefully. For questions, contact The FAA, Air Transportation Division (AFS-200).

PART II: HOW TO APPLY FOR ON-DEMAND AIR CARRIER AUTHORITY

Part 298 requires every prospective air carrier operator to file two forms with the FAA. The first is a registration application (OST Form 4507) which is completed by the carrier. The second is a current aircraft liability insurance certificate (OST Form 6410) which is completed by the carrier's insurance company or broker in accordance with Part 205 of the Department's regulations. Copies of both these forms including the address to which they should be submitted are in Part III of this booklet. Links to Parts 298 and 205 are included in Part IV. When the FAA receives these forms and determines them to be in order, the FAA will return an approved copy of OST Form 4507 for the carrier's file. Emailed forms with signatures are encouraged. See part III of this Booklet for email addresses.

At the time an air carrier submits OST Forms 4507 and 6410 to the FAA, it should contact its local FAA, Flight Standards District Office (FSDO) regarding the FAA's certification requirements. An air carrier cannot operate until the FSDO grants it an active air carrier certificate, and the FSDO will not do so until the air carrier receives a verification of insurance and registration authorization from the FAA Headquarters. The air carrier should ensure that it submits OST Forms 4507 and 6410, along with the required fee, to the FAA Headquarters 30 days prior to receiving its air carrier certificate.

PART III: DOT FORMS AND INSTRUCTIONS FOR COMPLETING FORMS

A. Form Submissions. Filing instructions can be found on the OST forms. Additionally, OST forms may be submitted by Facsimile (FAX) or email (preferred). The website link for fillable/fileable forms:

https://www.faa.gov/about/office_org/headquarters_offices/avs/offices/afx/afs/afs200/afs260/exemptions/

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\(^1\) Air Transportation, defined by the DOT, is the carriage of persons or property in interstate, overseas, or foreign commerce as a common carrier for compensation or hire, or the carriage of mail by aircraft.

\(^2\) The DOT’s definition of a small aircraft is different than the FAA’s definition contained in 14 CFR part 1.
1) **For Operators located in Alaska submit OST Forms 4507 and 6410 to:**

<table>
<thead>
<tr>
<th>Mail</th>
<th>Fax</th>
<th>Email</th>
</tr>
</thead>
</table>
| Federal Aviation Administration  
AFS-260, Attn: Kim V. Edwards  
946 E. 36th Ave., Suite 600  
Anchorage, AK 99508              | 907-280-6812 | AFS-260-Insurance@faa.gov |

2) **For all other locations Submit the OST Forms 4507 and 6410 to:**

<table>
<thead>
<tr>
<th>Mail</th>
<th>Fax</th>
<th>Email</th>
</tr>
</thead>
</table>
| Federal Aviation Administration  
Air Transportation Division, AFS-200  
800 Independence Ave., SW, Rm. 831  
Washington, DC 20591  
Telephone (202) 267-8166            | 202-267-5229 | AFS-260-Insurance@faa.gov |

**B. Assistance with OST forms.** For help and/or information on submitted OST forms, please contact.

1) Kim V. Edwards, (907) 280-6931 or email to: kim.v.edwards@faa.gov.

2) Or questions can be emailed to AFS-260-Insurance@faa.gov.

**C. Instructions for Completing OST Form 4507.** Complete **all** numbered areas if possible of OST Form 4507 according to the following instructions. The filing fee will be made payable to the "U.S. Department of Transportation." The initial registration fee is $8. There is no charge for amendments to information previously filed. Please type all information required (except the signature) or print legibly.

1) **Block 1a.** Indicate the full name of the company as it is recorded on the FAA Air Carrier Certificate and mailing address, including zip code. If doing business under one or more names which are different from the corporate name, include those names in this block as "DBA." If registering for the first time and an FAA certificate has not been issued yet, indicate the name which will appear on that certificate when issued.

2) **Block 1b. and 1c.** Provide telephone number with area code, office FAX number, and email address to allow the agency to contact you, if questions about your registration are needed.

3) **Block 2a. and 2b.** Indicate the address of the principal place of business if different from the mailing address indicated in Block 1, telephone number with area code (office FAX number /email address).

4) **Block 3.** Indicate the FAA Air Carrier Certificate number or precertification number, the address and telephone number of the local FAA, Flight Standards District Office (FSDO). Provide the name of the FAA Principal Operations Inspector.
5) **Block 4.** Check "Initial" if this is a first-time registration, and indicate the proposed date to begin operations. [Please note that the insurance coverage must go into effect no later than within 30 days of this date.]

   a) If the company has registered in the past and the authority was canceled, either voluntarily or involuntarily, you must register as an "Initial" filing and pay the $8 registration fee. "Amendments to reflect changes since previous filing" should be used only if you have already registered and have current economic authority from the FAA.

   b) Amended registrations must be submitted to report changes in the information on file concerning your operations. Changes in any item on the OST Form 4507, including additions or deletions of listed aircraft, change of name or address, changes in type of operations performed, or cessation of operations are to be received by the FAA no later than 30 days after the change has occurred. All changes (other than notice of cessation of operations) should be made on a new OST Form 4507.

6) **Block 5.** Check whether the company is currently performing (or intends to perform when operations start) scheduled cargo service, on-demand passenger or cargo service, mail service under a U.S. Postal Service contract, seasonal service, air ambulance operations, or any other services. Companies proposing to or operating "scheduled passenger" services may not conduct operations under air taxi operator registration. Such companies must be found “fit, willing, and able” to provide such services as a commuter air carrier. See 14 CFR Part 298, Subpart E.

7) **Block 6.** List all aircraft types which the company operates or proposes to operate in air taxi service, including the FAA registration number (the "N" number) and the number of passenger seats installed in each aircraft. Do not include seats occupied by the pilot and copilot, unless the latter is also available for passenger use. The FAA registration number of each aircraft must correspond exactly to the number listed on the certificate of insurance covering your operations. Unless there is a blanket policy certificate of insurance coverage for all aircraft owned and or operated by your company, you must report to the FAA within 30 days any additions or deletions of aircraft made after your initial registration. We cannot accept notices from the insurance company deleting aircraft from the insurance policy as notification of changes in air taxi operator registration required by § 298.23.

8) **Block 7.** Check whether the company is a U.S. citizen. The Federal Aviation Act requires that an air carrier registered under Part 298 must be a citizen of the United States. The Federal Aviation Act defines a citizen as (a) an individual who is a U.S. citizen; (b) a partnership of which each member is a U.S. citizen; or (c) a corporation of which the President and two-thirds or more of the Officers and Directors are U.S. citizens and at least 75 percent of the voting stock is owned or controlled by U.S. citizens. Questions about qualifying under the definition of U.S. citizen should be referred to the DOT Air Carrier Fitness Division, 1200 New Jersey Ave, SE, Washington, DC 20590, (202) 366-9721.

9) **Block 8.** Complete this item only if this company has previously registered with the FAA. Check whether the company has carried any passengers during the last 12 months in foreign air transportation, i.e., from the U.S. to another country.

10) **Block 9.** Blocks 9a and 9b should be used only when reporting changes to the information already on file. If you are reporting a change in the company's name, the former name and new name should be indicated here, and the new name should also be listed in Block 1.
11) **Block 10.** This form must be signed by a responsible officer of the air carrier, such as the President, Vice President, Secretary, Treasurer, partner, or owner. Please indicate the date and place of signing, as well as the name and title of the person signing the certification. Be sure to type or print the name and title below the signature.
Figure 1a., Sample Form 4507.
Figure 1b., Sample Form 4507.
D. Instructions for Completing OST Form 6410, Certificate of Insurance (Completed and signed by the Insurance Company). Complete all appropriate areas of OST Form 6410 according to the following instructions. Please type all information required (except the signature) or print legibly.

1) Line 1. Indicate name and address of the insurance company.

2) Line 2-3. Indicate name and address of air carrier insured by the policy. If an insurance policy is issued to a person or company other than the air carrier, the certificate of insurance must indicate that the air carrier is also covered under that policy. Also, list the Air Carrier's FAA Certificate number (if already issued). Indicate the effective date of the policy. Note that the policy must remain in effect until ten (10) days after written notice from the insurer or carrier of the intent to terminate coverage is received by the Department.

3) Section 1. Indicate whether the insurance company is licensed to issue aircraft insurance policies in the United States or by a foreign government or is an approved surplus line insurer. Note that more than one block may be checked.

4) Section 2. Part A. Indicate whether the insured air carrier has separate coverage or combined coverage by marking the appropriate block placing the policy number in the specified place. Please note that the minimum limits of liability required by the Department are already listed on the certificate. Do not fill out Section 2. Part B and C.

5) Section 3. Indicate whether the policy covers (1) all aircraft operated by the insured air carrier, or (2) specify the general groups or types of aircraft covered by the policy (use additional pages if necessary). All aircraft listed on OST Form 6410 must be covered by a currently effective certificate of insurance.

6) Section 4. Indicate name, address, contact person, and telephone numbers with area code (office FAX number/email address) of insurer, and, if applicable, of the broker. This form must be signed by an officer or authorized representative of the insurance company and /or broker.
Figure 2a., Sample OST Form 6410.

U.S. AIR CARRIERS - CERTIFICATE OF INSURANCE
POLICIES OF INSURANCE FOR AIRCRAFT ACCIDENT BODILY INJURY
AND PROPERTY DAMAGE LIABILITY

FILING INSTRUCTIONS: File a signed original of this form with the Federal Aviation Administration, AFS-290, 800 Independence Ave., S.W., Washington, D.C. 20591. (See EXCEPTIONS 1 and 2 below.)

EXCEPTION 1: If Block 2B on the reverse is filled in because the insured is a commuter air carrier, file a signed original of this form with the Department of Transportation, Air Carrier Fitness Division, X-56, 400 7th St., SW, Washington, DC 20590.

EXCEPTION 2: For any insured that is located in the State of Alaska (regardless as to whether Block 2A, 2B, or 2C is filled in), file a signed original of this form with the Federal Aviation Administration, Alaskan Region HQ, AAL-230, 222 W. 7th Ave., #14, Anchorage, Alaska 99513.

(Please type information, except signatures.)

THIS CERTIFIES THAT:

(Name of Insurer)

has issued a policy or policies of Aircraft Liability Insurance to ________________________________

FAA Certificate Number __________________________

(Name, address and FAA Certificate number of Insured U.S. Air Carrier)

effective from ______________ until ten (10) days after written notice from the Insurer or carrier of the intent to terminate coverage is received by the Department of Transportation.

NOTE: Part 205 of the Department’s Regulations does not allow for a predetermined termination date, and a certificate showing such a date is unacceptable.

1. The Insurer (Check One):
   □ is licensed to issue aircraft insurance policies in the United States;
   □ is licensed or approved by the government of ____________________________ to issue aircraft insurance policies; or
   □ is an approved surplus line insurer in the State(s) of ________________________

2. The Insurer assumes, under the policy or policies listed below, aircraft accident liability insured to minimums at least equal to the following during operation, maintenance, or use of aircraft in “air transportation” as that term is defined in 49 U.S.C. 40102. (Complete applicable section(s) A., B., or C. below):

   A. U.S. AIR TAXI OPERATORS (EXCLUDING U.S. COMMUTER AIR CARRIERS) WITH PART 298 AUTHORITY ONLY:
      The aircraft covered by this policy are SMALL AIRCRAFT (i.e., with 60 or fewer passenger seats or with a maximum payload capacity of 18,000 pounds or less). (Complete separate or combined coverage as appropriate):

      □ Separate Coverages:

      | Policy No. | Type of Liability         | Each Person | Each Occurrence |
      |------------|---------------------------|-------------|----------------|
      |            | Bodily Injury Liability   | $75,000     | $300,000       |
      |            | (Excluding Passengers)    |             |                |
      |            | Passenger Bodily Injury   | $75,000     | $75,000 x 76% of total number of passenger seats installed in aircraft |
      |            | Property Damage           |             | $100,000       |

      □ Combined Coverage: The amount of coverage set forth below is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damage, and passenger bodily injury.

      Policy No. ____________  Amount of Coverage __________________________

      □ This policy covers CARGO operations only and excludes passenger liability insurance.
Figure 2b., Sample OST Form 6410.

| B. U.S. COMMUTER AIR CARRIERS OR CERTIFICATED AIR CARRIERS OPERATING SMALL AIRCRAFT |
|---------------------------------|---------------------------------|----------------|----------------|
| Separate Coverages:             | Minimum Limit                   |                |                |
| Policy No.                      | Type of Liability               | Each person   | Each Occurrence |
|                                 | Combined Bodily Injury (Excluding Passengers other than cargo attendants) and Property Damage Liability | $300,000      | $2,000,000     |
|                                 | Passenger Bodily Injury          | $300,000      | $300,000 x 75% of total number of passenger seats installed in aircraft |

- Combined Coverage: The amount of coverage set forth below is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damage, and passenger bodily injury.

Policy No. __________________________ Amount of Coverage __________________________

- This policy covers CARGO operations only and excludes passenger liability insurance.

| C. U.S. CERTIFIED AIR CARRIERS OPERATING LARGE AIRCRAFT |
|---------------------------------|---------------------------------|----------------|----------------|
| Separate Coverages:             | Minimum Limit                   |                |                |
| Policy No.                      | Type of Liability               | Each person   | Each Occurrence |
|                                 | Combined Bodily Injury (Excluding Passengers other than cargo attendants) and Property Damage Liability | $300,000      | $2,000,000     |
|                                 | Passenger Bodily Injury          | $300,000      | $300,000 x 75% of total number of passenger seats installed in aircraft |

- Combined Coverage: The amount of coverage set forth below is a single limit of liability for each occurrence at least equal to the required minimums stated above for bodily injury (excluding passengers), property damage, and passenger bodily injury.

Policy No. __________________________ Amount of Coverage __________________________

- This policy covers CARGO operations only and excludes passenger liability insurance.

3. The policy or policies listed in this certificate insure(s) (Check One):

- Operations conducted with all aircraft operated by the insured
- Operations conducted with the following types of aircraft:
- Operations with the following aircraft: (Use additional page if necessary)

4. Each policy listed in this certificate meets or exceeds the requirements in 14 CFR Part 205.

(Name of Insurer) __________________________ __________________________

(Address) __________________________

(City, State, Zip Code) __________________________

(City, State, Zip Code) __________________________

(Contact person who can verify the effectiveness of the coverage) __________________________

(Officer or authorized representative) __________________________

(Area Code, Phone Number) __________________________

(Area Code, Fax Number) __________________________

(Signature, if applicable) __________________________

(Signature) __________________________

(Date) __________________________

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<tr>
<th>Make and Model</th>
<th>FAA or Foreign Flag Registration No.</th>
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PART IV: APPLICABLE DEPARTMENT OF TRANSPORTATION REGULATIONS

A. 14 CFR Part 205: [Link to Part 205] - Aircraft Accident Liability Insurance

B. 14 CFR Part 298: [Link to Part 298] - Exemptions for Air Taxi and Commuter Air Carriers

PART V: FAA CERTIFICATION REQUIREMENTS FOR AIR CARRIERS AND COMMERCIAL OPERATORS

A. Background. 14 CFR Part 119, "Certification: Air Carriers and Commercial Operators," was published in the Federal Register (60 FR 65832). Part 119 reorganized into one part certification and operations specifications requirements that formerly existed in Parts 121 and 135 that apply to companies engaged in intrastate common carriage operations, interstate, and foreign operations.


D. Advisor Circular 120-49A: [Link to AC 120-49A] – Parts 121 and 135 Certification. This AC provides guidance and basic information on the certification process for 14 CFR Parts 121 and 135 Air Carrier or Operating Certificates.