

## Note 16. Insurance and Guarantee Program Liabilities

<b>Insurance and Guarantee Program Liabilities as of September 30, 2023, and 2022</b>		
(In billions of dollars)	<b>2023</b>	<b>2022</b>
Single-Employer Program - Pension Benefit Guaranty Corporation	73.9	78.3
Federal Crop Insurance - Department of Agriculture	17.3	17.3
Multiemployer Program - Pension Benefit Guaranty Corporation	2.6	2.4
Other insurance and guarantee programs	5.5	6.5
Total insurance and guarantee program liabilities	<u>99.3</u>	<u>104.5</u>

The federal government incurs liabilities related to various insurance and guarantee programs as detailed in the table above. Note 21—Contingencies includes a discussion of contingencies and other risks related to significant insurance and guarantee programs. Insurance information and the related liability concerning federal employee and veteran benefits are included in Note 13—Federal Employee and Veteran Benefits Payable. Social insurance and loan guarantees are not considered insurance programs under SFFAS No. 51, *Insurance Programs*, and are accounted for under SFFAS No. 17, *Accounting for Social Insurance*, and SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*. Loan guarantees are disclosed in Note 4—Loans Receivable, Net and Loan Guarantee Liabilities, and social insurance information is included primarily in the sustainability financial statements and in Note 25—Social Insurance.

Insurance and guarantee program liabilities are recognized for known losses and contingent losses to the extent that the underlying contingency is deemed probable and a loss amount is reasonably measurable. Please see Note 21—Contingencies for discussion on the meaning of “probable” depending on the accounting framework used by each significant consolidation entity. PBGC, which insures defined benefit pensions, has the largest insurance and guarantee program liability.

PBGC insures pension benefits for participants in covered defined benefit pension plans. The FY 2023 decrease of \$4.2 billion in PBGC’s liability for its two separate insurance programs is comprised of a decrease of \$4.4 billion in the single-employer program liability and an increase of \$0.2 billion in the multiemployer program liability. As of September 30, 2023, and 2022, PBGC had total liabilities of \$88.8 billion and \$90.3 billion, respectively. As of September 30, 2023, PBGC’s total assets exceeded its total liabilities by \$46.1 billion, and in FY 2022 its total assets exceeded its total liabilities by \$37.6 billion.

On March 11, 2021, the ARP established the SFA program for distressed multiemployer pension plans that meet specific eligibility criteria. The SFA program is administered by PBGC and paid in a single lump sum rather than in periodic payments. An application under the ARP must be filed by the eligible plans no later than December 31, 2025. Unlike PBGC’s insolvency insurance program for multiemployer plans, which is funded by insurance premiums and investment income, the SFA program is funded by appropriations from the General Fund. The SFA program is intended to enable eligible plans to pay benefits due through plan year 2051, and, as a result, these plans are no longer considered to be liabilities to PBGC. PBGC projects the range of total costs for the SFA program to be between \$78.6 billion and \$81.9 billion, which includes the \$45.6 billion paid during FY 2023 and \$7.5 billion paid in FY 2022. Refer to PBGC’s financial statements and FY 2022 Projections Report for additional information.

As of September 30, 2023, and 2022, \$17.3 billion pertain to USDA’s FCIP. The FCIP is administered by the FCIC, which provides insurance to reduce agricultural producers’ economic losses due to natural disasters.

As of September 30, 2023, and 2022, \$4.1 billion and \$5.8 billion, respectively, pertain to the DHS NFIP, which is included in other insurance and guarantee programs. The NFIP insurance program liability represents an estimate based on the loss and loss adjustment expense factors inherent to the NFIP Insurance Underwriting Operations, including trends in claim severity and frequency. The estimate is driven primarily by the timing and severity of flooding activity in the U.S. and can significantly vary year over year.