

Note 15. Insurance and Guarantee Program Liabilities

Insurance and Guarantee Program Liabilities as of September 30, 2019, and 2018

(In billions of dollars)	2019	2018
Insurance and Guarantee Program Liabilities:		
Defined Benefit Pension Plans - Pension Benefit Guaranty Corporation	181.1	158.0
Federal Crop Insurance - Department of Agriculture	8.9	10.3
National Flood Insurance Programs - Department of Homeland Security	3.4	1.7
Ginnie Mae's Mortgage-Backed Securities - Department of Housing and Urban Development	1.0	-
Other insurance and guarantee programs	0.1	0.2
Total insurance and guarantee program liabilities	<u>194.5</u>	<u>170.2</u>

The federal government incurs liabilities related to various insurance and guarantee programs as detailed in the table above. Note 18—Contingencies includes a discussion of contingencies and other risks related to significant insurance and guarantee programs. Insurance information, and related liability, concerning federal employee and veteran benefits is included in Note 12—Federal Employee and Veteran Benefits Payable. Social insurance and loan guarantees are not considered insurance under SFFAS No. 51, *Insurance Programs*. Loan guarantees are disclosed in Note 4—Loans Receivable and Loan Guarantee Liabilities, Net, and social insurance information is included primarily in the sustainability financial statements and in Note 22—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 18—Contingencies for discussion on the meaning of “probable” depending on the accounting framework used by each significant consolidation entity. As discussed in Note 1.L—Insurance and Guarantee Program Liabilities, certain significant consolidation entities (i.e., PBGC and FDIC) apply FASB standards, and such entities, as permitted by SFFAS No. 47, *Reporting Entity*, are consolidated into the U.S. government’s consolidated financial statements without conversion to FASAB standards. PBGC administers the largest insurance and guarantee program liability, the Defined Benefit Pension Plans, and applies FASB standards.

As of September 30, 2019, and 2018, \$181.1 billion and \$158.0 billion, respectively, pertain to pension plans in PBGC’s single-employer and multi-employer programs. PBGC insures pension benefits for participants in covered defined benefit pension plans. The total increase of \$23.1 billion in PBGC’s liability for insured pension plans includes increases of \$11.2 billion and \$11.9 billion for single-employer and multi-employer plans, respectively. For both single-employer and multi-employer programs, the increases were primarily driven by changes in actuarial assumptions related to changes in interest factors. As of September 30, 2019, and 2018, PBGC had total liabilities of \$187.4 billion and \$163.7 billion, and its total liabilities exceeded its total assets by \$56.5 billion and \$51.4 billion, respectively. Refer to PBGC’s financial statements for more information and to Note 18—Contingencies for additional information regarding insurance contingencies and exposure. PBGC is currently assessing the effect of the legislation enacted subsequent to September 30, 2019 on its liabilities and contingency disclosures. Please see Note 27—Subsequent Events for additional information.

As of September 30, 2019, and 2018, \$8.9 billion and \$10.3 billion, respectively, pertain to USDA’s Federal Crop Insurance Program. The Federal Crop Insurance Program is administered by the Federal Crop Insurance Corporation, who provides insurance to reduce agricultural producers’ economic losses due to natural disasters.

As of September 30, 2019, and 2018, \$3.4 billion and \$1.7 billion, respectively, pertain to the DHS NFIP. The NFIP insurance 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 flooding activity in the U.S. and can vary significantly year over year depending on the timing and severity of flooding activity.

As of September 30, 2019, \$1.0 billion pertains to the HUD Ginnie Mae’s MBS program. Ginnie Mae’s MBS program is an exchange transaction insurance program other than life insurance under SFFAS No. 51. Ginnie Mae’s MBS program

guarantees the timely payment of principal and interest on securities backed by pools of mortgage loans insured by FHA, Public and Indian Housing, and Rural Housing Service, or guaranteed by the VA.