Note 17. Insurance and Guarantee Program Liabilities

Insurance and Guarantee Program Liabilities as of September 30, 2021, and 2020

(In billions of dollars)	2021	2020
Insurance and Guarantee Program Liabilities:		
Single-Employer Pension Plan - Pension Benefit Guaranty Corporation	108.9	120.4
Federal Crop Insurance - Department of Agriculture	14.2	7.7
Multiemployer Pension Plan - Pension Benefit Guaranty Corporation	3.0	66.9
Other insurance and guarantee programs	3.7	4.3
Total insurance and guarantee program liabilities	129.8	199.3

The federal government incurs liabilities related to various insurance and guarantee programs as detailed in the table above. Note 22—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 14—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 22—Contingencies for discussion on the meaning of "probable" depending on the accounting framework used by each significant consolidation entity. As discussed in Note 1.O—Insurance and Guarantee Program Liabilities, certain significant consolidation entities (i.e., PBGC, FDIC, and FCSIC) 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, which insures defined benefit pensions, applies FASB standards and has the largest insurance and guarantee program liability.

PBGC insures pension benefits for participants in covered defined benefit pension plans. The FY 2021 decrease of $75.4 billion in PBGC's liability for its two separate insurance programs is comprised of: 1) a decrease of $11.5 billion in the single-employer program liability; and 2) a decrease of $63.9 billion in the multiemployer program liability. As of September 30, 2021, and 2020, PBGC had total liabilities of $122.8 billion and $194.9 billion, respectively. As of September 30, 2021, PBGC's total assets exceeded its total liabilities by $31.4 billion, and in FY 2020 its total liabilities exceeded its total assets by $48.3 billion, respectively. The majority of the change in liability from FY 2020 to FY 2021 occurred in the multiemployer program and was due to the enactment of the ARP on March 11, 2021. ARP established the SFA program for distressed multiemployer pension plans that meet specific eligibility criteria therefore, this resulted in the majority of the $63.9 billion decrease in the liability mentioned above. The SFA program is administered by PBGC and paid in a lump sum rather than in period payments. An application under 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, the SFA program is funded by appropriations from the General Fund. The SFA program is intended to enable eligible plans to pay benefits and administrative expenses for the next 30 years, and as a result, the vast majority of PBGC's liability for traditional financial assistance recognized in previous years for ongoing plans that were previously expected to become insolvent has been reversed (i.e., unbooked). PBGC intends to publish a final regulation in FY 2022. Refer to PBGC's financial statements for additional information and to Note 22—Contingencies for additional information regarding insurance contingencies and exposure.

As of September 30, 2021, and 2020, $14.2 billion and $7.7 billion, respectively, pertain to USDA's Federal Crop Insurance Program. The Federal Crop Insurance Program is administered by the FCIC, which provides insurance to reduce agricultural producers' economic losses due to natural disasters. The Federal Crop Insurance increase of $6.5 billion was attributed to higher coverage amount as the result of higher crop prices, increased participation in insurance products and higher level of losses caused by widespread drought.

As of September 30, 2021, and 2020, $3.4 billion and $2.8 billion, respectively, pertain to the DHS NFIP, which are 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 flooding activity in the U.S. and can vary significantly year over year depending on the timing and severity of flooding activity.