



February 20, 2014

Memorandum

To: Members of the Board

Robin M. Gilliam

From: Robin M. Gilliam, Assistant Director

Through: *Wendy M. Payne*, Executive Director

Subject: Risk Assumed – Insurance and Guarantee Phase – Tab E¹

MEETING OBJECTIVE

To approve the proposed characteristics, exclusions and definition of insurance and guarantee programs.

BRIEFING MATERIALS

Staff Memo

This memo provides the draft characteristics, definition, and exclusions of insurance/guarantee programs as developed by the Risk Assumed – Insurance/Guarantees Task Force.

Attachment I - Risk Assumed – Insurance/Guarantees Task Force Combined Meeting Notes, emails and Additional Staff Analysis

Appendices: (Optional Reading for Reference)

Appendix 1 - Risk Assumed - Project Decision History

Appendix 2 - List to date of Identified Insurance/Guarantee Programs

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

BACKGROUND

At the December 2014 meeting the Board reviewed the impact of the FASB Exposure Draft, Proposed Accounting Standards Update, Insurance Contracts (Topic 834) Issued June 27, 2013, on four federal insurance/guarantee entities² that primarily apply FASB standards and their views on the applicability of FASB's proposed definition of insurance contracts.

The Board determined that the FASB proposed definition of insurance contracts is not applicable to federal insurance/guarantee programs.

The Board decided to proceed with the development of a general definition with specific characteristics for federal insurance and guarantee programs that would capture current programs, yet that was broad enough to include any future insurance/guarantee programs.

MEMBER FEEDBACK

If you require additional information or wish to suggest another alternative not considered in the staff proposal, please contact staff as soon as possible. In most cases, staff would be able to respond to your request for information and prepare to discuss your suggestions with the Board, as needed, in advance of the meeting. If you have any questions or comments prior to the meeting, please contact me by telephone at 202-512-7356 or by e-mail at gilliamr@fasab.gov with a cc to paynew@fasab.gov.

² Federal Deposit Insurance Corporation (FDIC), Pension Benefit Guarantee Corporation (PBGC), Farm Credit System Insurance Corporation (FCSIC), and Overseas Private Investment Corporation (OPIC).

STAFF ANALYSIS

Staff worked with a Task Force to develop the characteristics, definition and exclusions of Insurance and Guarantee Programs:³

CHARACTERISTICS

List of Characteristics:

The Task Force developed the following list of characteristics:

1. Program
2. Funding
3. Explicit Arrangements/Agreements
4. Designated Population
5. Adverse Event
6. Compensation
7. Insurance/Guarantee Program Risk
8. Financial Risk
9. Risk Transferred
10. Acceptance of All or Part of Risk
11. Hierarchy of Authority

Characteristics Defined:

1. PROGRAM

A program is authorized by law to provide insurance or guarantees.

Programs may be administered by an agency established to do so or within a larger agency with many programs.

2. Funding

The resources needed to fund Insurance/Guarantee programs may be raised through, but not limited to, any or all of the following: premiums, fees paid, recoupments/recoveries,⁴ interest received from investments, and/or budget authority including appropriations and borrowing authority.

Insurance/Guarantee programs may receive funds through acquisition and disposal or salvage of assets related to an adverse event.

³ For a full discussion on the development of the characteristics, definition and exclusions, see Attachment 1 - Insurance/Guarantees Task Force Combined Meeting Notes: January 23, 2014, and January 30, 2014.

⁴ Monies received from a third party or commercial insurance company to repay all or part of a loss originally paid by the federal insurance/guarantee program. Monies may be received from, but are not limited to, the sale of salvageable parts.

As noted above, sources of funding are broad and the charging of “premiums” (or other fees) is not necessary for a program to qualify as an insurance program.

3. Explicit Arrangements/Agreements

Insurance/Guarantee programs create an arrangement or agreement on behalf of the federal government that specifically states:

1. the role the program will play,
2. the parties,
3. funding requirements, and
4. compensation in relation to an adverse event

Insurance/Guarantee programs may enter into explicit arrangements or agreements with specific individuals, state, local, or foreign governments, other federal agencies,⁵ or businesses to carry out their mission.

4. Designated Population

The explicit arrangement/agreement identifies the beneficiaries that could receive financial compensation due to a negative impact from an adverse event.

Therefore, beneficiaries make up the designated population.

- Beneficiaries may or may not directly participate in the explicit arrangement/agreement prior to becoming eligible to receive compensation.
 - An example where beneficiaries do NOT directly participate in the explicit arrangement/agreement yet receive compensation:

When a bank directly participates in an explicit arrangement/agreement with FDIC by paying premiums and, upon failure, provides a list of depositors (beneficiaries, i.e., the designated population) who are then compensated.
 - An example where a beneficiary DOES directly participate in the explicit arrangement/agreement AND receives compensation:

When a US investor purchases risk insurance for political violence from OPIC and upon an act of politic violence that impacts their business investment will receive compensation.

⁵ One federal agency may indemnify another federal agency. For example, DOD indemnifies FAA by promising to pay the FAA bill after FAA pays the claim for aircraft wartime damage. FAA has originally assumed the risk until DOD repays the bill.

- Designated populations can include, but are not limited to: individuals, businesses, state, local, or foreign governments.

The identification of the designated population may exist in the:

- A. law or otherwise enforceable by law,
- B. related regulations,
- C. agency policies, or
- D. explicit arrangements or agreements

5. Adverse Event

A specifically prescribed event(s) that if it occurs could negatively affect the designated population as defined by the:

- A. law or otherwise enforceable by law,
- B. related regulations,
- C. agency policies, or
- D. explicit arrangements or agreements

6. Compensation

Insurance/Guarantee Programs only provide specific financial compensation as defined by the:

- A. law or otherwise enforceable by law,
- B. related regulations,
- C. agency policies, or
- D. explicit arrangements or agreements

Compensation may be administered, determined, or disbursed by the Program or another federal entity.

7. Insurance/Guarantee Program Risk

Insurance/Guarantee Program Risk is the uncertainty of an adverse event occurring, in that the possibility of an adverse event occurring is outside the control of the program, the designated population, and the federal government.

8. Financial Risk

The risk arising from expected compensation for losses experienced by the designated population due to an adverse event.

Explicit arrangements/agreements for Insurance/Guarantee programs might state how they will manage Financial Risk by defining:

1. What the Insurance/Guarantee program can obligate to compensate the negative impact of an adverse event.
2. How the Insurance/Guarantee program can limit exposure.⁶
3. If and how much to place in a reserve.

9. Risk Transferred

Insurance/Guarantee programs accept all or part of the negative impact resulting from an adverse event through financial compensation to its designated population.

Insurance/Guarantee programs might be required to accept any or all of the following:

1. All Risk for covered losses.
2. Partial Risk⁷ by filling a gap where commercial Insurance companies are not able or willing to provide the insurance.
3. Timing Risk wherein the program provides compensation for losses at the time claims are received and processed in anticipation that future funding sources⁸ will be sufficient to cover all or part of past benefits paid. The risk to compensate for all or part of losses incurred is transferred through a financing type of arrangement.

10. Acceptance of All or Part of Risk

Acceptance of all or part of risk occurs when a program enters into the explicit arrangement or agreement.

⁶ Each program titles their limiting of exposure differently, for example: FEMA=Probable Maximum Loss (PML); OPIC = Maximum Contingent Liability (MCL)

⁷ Partial risk may include reinsurance coverage.

⁸ See Funding characteristic.

11. Hierarchy of Authority

An Insurance/Guarantee program should follow the following hierarchy of authority in order to carry out the mission of the program:

- A. law or otherwise enforceable by law,
- B. related regulations,
- C. agency policies, or
- D. explicit arrangements or agreements

Question for the Board:

**Do you approve the Insurance/Guarantee Program
Characteristics?**

DEFINITION:

After extensive work with the characteristics the Task Force finalized the following definition:

A federal insurance/guarantee program⁹ (program) is a program authorized by law to provide financial compensation¹⁰ due to a negative impact resulting from an adverse event.¹¹ The program manages the related risk¹² and compensation¹³ to a designated population¹⁴ according to the following:

- A. law or otherwise enforceable by law,**
- B. related regulations,**
- C. agency policies, or**
- D. explicit arrangements or agreements¹⁵**

Question for the Board:

Do you approve the Insurance/Guarantee Program Definition?

9 See the Program Characteristic

10 See the Funding and Compensation Characteristics

11 See the Adverse Event Characteristic

12 See the Risk and Risk Transferred Characteristics

13 See the Compensation Characteristic

14 See the Designated Population Characteristic

15 See the Explicit Arrangements/Agreements Characteristic

EXCLUSIONS:

In order to capture current as well as possible new Insurance/Guarantee Programs only, the Task Force developed the following exclusions:

1. Loan and Loan guarantee programs as defined in SFFAS 2 (as amended).

Staff Analysis:

Due to the credit reform act, loan and loan guarantee programs as defined in SFFAS 2 are excluded.

2. Social insurance programs as defined in SFFAS 17 (as amended).¹⁶

Staff Analysis:

Social Insurance programs identified in SFFAS 17 are excluded since old age is not an uncertain adverse event.

Note: While unemployment is an uncertain adverse event, it will be excluded by proxy of its current inclusion in SFFAS 17 from Insurance/Guarantee programs. Staff will review and study it further.

3. Programs providing discretionary goods or services to those harmed from adverse events.¹⁷
 - a. For such programs, the Government has discretion about what goods/services to provide based on the Disaster Relief and Emergency Assistance Act (Stafford Act).¹⁸
 - b. Any compensation or other benefit that is non-financial.

¹⁶ Includes unemployment insurance

¹⁷ For example, providing potable water – disaster fund following a disaster or containment of oil following a spill

¹⁸ Robert T. Stafford Act (PL 100-707) is a 1988 amended version of the Disaster Relief Act of 1974 (PL 93-288). It created the system in place today by which a presidential disaster declaration of an emergency triggers financial and physical assistance through the Federal Emergency Management Agency (FEMA). The Act gives FEMA the responsibility for coordinating government-wide relief efforts. From Wikipedia, the free encyclopedia; last accessed January 28, 2014.

Staff Analysis:

The task force had an extensive discussion about the difference between an insurance program and a program that provides disaster relief and why the disaster relief program would not be an Insurance/Guarantee program, i.e. be excluded.

The Task Force decided that a disaster relief program should not be included as an Insurance/Guarantee program because:

- I. Management has discretion in determining what and how many goods and services will be provided in reaction to each disaster;
 - II. There was additional discussion about the possibility that discretion might not be a determining factor for exclusion because compensation paid for an aircraft's hull value¹⁹ might be different per the Secretary's (or assigned delegate's) determination than the amount claimed.
 - i. The Task Force decided that while the Secretary (or assigned delegate) might not agree with the submitted claim, that he/she cannot determine the value independently (i.e. with discretion) in that the settlement amount must be determined based on commercial practices, such as a professional appraisal per their hierarchy of authority.
 - ii. Therefore, discretion is a determining factor for exclusion in that an Insurance/Guarantee program can only provide financial compensation as stated in the explicit arrangement/agreement and NOT at the discretion of program management.
4. Entitlement Programs that administer eligibility requirement applications to provide means tested benefits.

Staff Analysis:

Entitlement programs are scheduled for review and inclusion in Phase II of the Risk Assumed project. In order to avoid confusion the task force requested that entitlement programs be excluded from Insurance/Guarantee programs.

¹⁹ War Risk Airline Insurance

5. Programs whose missions are not by statute to provide insurance or guarantees but which process claims through an administrative or judicial process.

Staff Analysis:

It was brought to staff's attention after the task force met that certain transactions (such as tort claims resulting from military events) may appear to be Insurance/Guarantee programs since they might share some of the same characteristics. However, after further research, staff, with the help of legal counsel, determined that these are administrative settlements for transactions occurring within programs that do NOT have a statutory insurance or guarantee mission.

6. Programs whose missions are not by statute to provide insurance or guarantees but which provide security against loss or damage through contractual indemnification of another party.

Staff Analysis:

It was brought to staff's attention after the task force met that certain indemnification claims/settlements may appear to be Insurance/Guarantee programs since some Insurance/Guarantee programs include an explicit arrangement/agreement to indemnify another agency (for example, the War Risk Airline Insurance – DOD indemnifies FAA for DOD Aircraft claims). However, after further research, staff, with the help of legal counsel, determined that these are administrative settlements for transactions occurring by contractors with FAR authorized indemnification clauses or first responders within programs that do NOT have a statutory insurance or guarantee mission.

Question for the Board:

Do you approve the Insurance/Guarantee Program Exclusions?

QUESTIONS FOR THE BOARD

1. Do you approve the Insurance/Guarantee Program Characteristics?
2. Do you approve the Insurance/Guarantee Program Definition?
3. Do you approve the Insurance/Guarantee Program Exclusions?

NEXT STEPS:

Upon the Board's approval of the characteristics, definition and exclusions of Insurance/Guarantee programs, staff will begin to work on measurement and recognition.

Staff's next steps will be to:

- Evaluate the similarities and differences between loan guarantees and federal insurance and non-loan guarantees.
- Get a clearer understanding of:
 - The credit reform standards and how that approach could assist in considering revisions to our current insurance and guarantee standards.
 - Issues and challenges insurance and guarantee programs have in their current accounting practices.

TAB E

– Attachment 1 –

March 2014 Memo

Federal Accounting Standards Advisory Board



- Risk Assumed -

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Insurance/Guarantee Phase I

**Task Force (TF) Combined Meeting
Notes, emails, and Additional Staff
Analysis**

TF Meetings: January 23 & 30, 2014,

Agenda & Purpose

The Risk Assumed (RA) – Insurance/Guarantee (IG) Task Force (TF) met from 9:00am to 12:00 Noon on Thursday, January 23rd and 30th, 2014, to develop a draft definition, exclusions and characteristics of federal Insurance/Guarantee Programs. The below notes include information from those meetings and additional information from related FASAB staff analysis.

Ms. Gilliam provided the following information to the TF during the first meeting on January 23, 2014:

Disclaimer: In the course of researching, developing or updating federal accounting standards, FASAB staff periodically utilizes task forces, roundtables, surveys, and other means of communication to solicit feedback from the federal community. The information contained in these minutes is intended to assist staff in preparing materials for the board's deliberations; it is not intended to reflect authoritative or formal views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

Introduction

The Federal Accounting Standards Advisory Board (FASAB) is the source of generally accepted accounting principles (GAAP) for financial reporting in the federal government. The board issues GAAP guidance through a range of vehicles such as Statements of Federal Financial Accounting Concepts and Standards (SFFAC and SFFAS), Interpretations, Technical Bulletins, Technical Releases of the Accounting and Auditing Policy Committee, and Implementation Guides published by FASAB staff.

Background

In August 2011, FASAB began a project on risk assumed by the federal government because existing FASAB standards on the reporting of risk assumed information is limited to federal insurance and guarantee programs, except social insurance (SSFAS 17) and loan guarantee programs (SSFAS 2).

This project is expected to result in additional guidance for the preparation of general purpose federal financial reports that will better achieve the objectives of federal financial reporting laid out in the Statement of Federal Financial Accounting Concepts (SFFAC), Objectives of Federal Financial Reporting,²⁰ especially the Operating Performance and Stewardship objectives.

²⁰ Available online at <http://www.fasab.gov/accounting-standards/authoritative-source-of-gaap/accounting-standards/fasab-handbook/>

During the summer of 2012 staff held two task force meetings on two explicit groupings of risk assumed: (1) commitments and obligations, including contracts, grants, and treaties, and (2) insurance and guarantees.

As a result of those meetings and related research, staff recommended and the Board approved the following **three-phased approach**:

Phase I: Insurance and Guarantees [Non-Loan Guarantees]

Phase II: Entitlement Programs, including: national defense, security and disaster response; and other potential effects on future outflows, such as regulatory actions, GSE's, etc.

Phase III: Commitments and Obligations and other risk areas

For the December 2013 board meeting, staff researched and/or interviewed four federal insurance/guarantee entities identified as Federal Accounting Standards Board (FASB) GAAP reporters to determine if the FASB definition provided in the FASB Exposure Draft, Proposed Accounting Standards Update, Insurance Contracts (Topic 834) Issued June 27, 2013, is applicable to federal Insurance/Guarantee programs.

FASB Definition of an Insurance Contract:

834-10-55-1 An **insurance contract** is a contract under which one party (the issuing entity) accepts significant²¹ **insurance risk**²² from another party (the policyholder) by agreeing to compensate the **policyholder**²³ or its designated beneficiary if a specified uncertain future event (the **insured event**)²⁴ adversely affects the policyholder.²⁵

The four federal insurance/guarantee FASB GAAP reporting entities are:

- Federal Deposit Insurance Corporation (FDIC)
- Pension Benefit Guarantee Corporation (PBGC)

²¹FASB Exposure Draft (ED), Proposed Accounting Standards Update, Issued: June 27, 2013, page of 66, **834-10-55-9: Insurance risk** is considered **significant** if, and only if, an insured event exposes an entity to a significant loss. Existence of one scenario in which the present value of the cash flows expected to be paid by the entity can significantly exceed the present value of the premiums and other cash inflows will be considered to satisfy the existence of significant insurance risk.

²² FASB ED, page 29, Glossary: **Insurance Risk** - The risk arising from uncertainties about underwriting risk as opposed to financial risk. Insurance risk is fortuitous; the possibility of adverse events occurring is outside the control of the insured. Page 34, Glossary, **Underwriting Risk** - The risk arising from uncertainties about the amount of net cash flows from premiums, commissions, claims, and claim settlement expenses paid under a contract.

²³ FASB ED, page of 31, Glossary: **Policyholder** - A party that has a right to compensation under an insurance contract if an insured event occurs. The policyholder may elect that a beneficiary receive claim or benefit payments under the contract.

²⁴ FASB ED, page of 29 Glossary: **Insurance Event** - An uncertain future event that is covered by an insurance contract and creates insurance risk.

²⁵ FASB ED, page 64.

- Farm Credit System Insurance Corporation (FCSIC)
- Overseas Private Investment Corporation (OPIC)

It was determined that the above FASB proposed definition would be difficult to apply to most federal insurance and non-loan guarantee programs. However, we did use it as a basis to draft the Insurance/Guarantee program definition.

Task Force Objectives

Task forces play an important role in the accounting standards-setting process. Task force members provide expert views and recommend solutions to accounting issues or problems. Task force members can also be instrumental in proactively raising potential issues before a standard gets too far in the standards-setting process. As part of the board's project to revisit existing standards on risks assumed – insurance and guarantees, it has authorized staff to use task forces to assist in developing new risk assumed reporting standards. Relevant insights from subject matter experts are critically important in the development of standards that cover the broad range of government programs.

The objective of the Insurance and Guarantees Task Force is to provide feedback from the perspective of program staff, preparers and auditors in the following three areas:

1. A draft definition of Insurance/Guarantee programs to ensure that all current and future programs are captured.
2. Current GAAP accounting and reporting for Insurance/Guarantee programs and how GAAP accounting and reporting might be improved to better meet federal financial reporting objectives of operating performance and stewardship.

The feedback received from TF members will be utilized by FASAB staff to develop new federal risk assumed - insurance/guarantee standards.

Group Discussion and Decisions:

DEFINITION:

Ms. Gilliam presented the following first draft definition during the January 23, 2013, meeting:

A federal insurance/guarantee program (program) is a program (1) established by law that (2) accepts the risk for an (3) uncertain event by (4) explicitly agreeing to (5) compensate a (6) designated population as stated in the law and/or related regulations.

The TF discussed the original draft definition and made the following decisions:

(1) Established by Law: The TF decided that:

- a. A program is authorized by law, versus established by law.
- b. The law is very broad and that it was necessary to define the hierarchy of an insurance/guarantee program's authority from general to more specific.
- c. The hierarchy of authority is as follows:
 - i. law or otherwise enforceable by law,
 - ii. related regulations,
 - iii. agency policies, or
 - iv. explicit arrangements or agreements.

Accepts the risk: The TF changed "accepts the risk" to "accepts all or part of the risk" In order to include all programs including those that share risk with commercial insurance providers.

(2) Uncertain event: The TF decided that the term "uncertain event" was too broad and must be negative and not positive and therefore decided to change it to "adverse event."

There was a discussion on including the phrase "occurrence of an *adverse event*." However, the TF determined not to include the word "occurrence," since an adverse event implies that it has occurred, but instead agreed to include in the definition "related to an adverse event."

- (4) Explicitly agreeing to: Due to the hierarchy decision and the fact that these insurance/guarantee programs enter into some type of explicit arrangement or agreement, the TF agreed to change “explicitly agreeing to” to “explicit arrangements or agreements.”
- (5) Compensate: The TF determined that insurance/guarantee programs make financial payments and do not compensate in goods or services. Therefore, the TF changed “agreeing to compensate” to “may result in payments.”
- (6) Designated population: The TF agreed that insurance/guarantee programs have a population designated by the hierarchy of authority and therefore left this term unchanged.

The TF drafted the following definition at the conclusion of the January 23rd meeting:

A federal insurance/guarantee program (program) is a program that (2) accepts all or part of the risk that (5) may result in payments to a (6) designated population relating to an (3) adverse event as (1) stated in the law or otherwise enforceable by law, for example: related regulations, federal policies, or in accordance with (4) explicit arrangements or agreements.

FASAB Staff reworked the definition after preparing the January 30th meeting material in which it was presented.

The Task Force approved the below DEFINITION of Insurance/Guarantee programs at the January 30th meeting:

A federal insurance/guarantee program²⁶ (program) is a program authorized by law to provide financial compensation²⁷ due to a negative impact resulting from an adverse event²⁸. The program manages the related risk²⁹ and compensation³⁰ to a designated population³¹ according to the following:

- A. law or otherwise enforceable by law,
- B. related regulations,
- C. agency policies, or
- D. explicit arrangements or agreements.³²

²⁶See the Program Characteristic [Characteristics begin on page 11]

²⁷ See the Funding and Compensation Characteristics

²⁸ See the Adverse Event Characteristic

²⁹ See the Risk and Risk Transferred Characteristics

³⁰ See the Compensation Characteristic

³¹ See the Designated Population Characteristic

³² See the Explicit Arrangements/Agreements Characteristic

EXCLUSIONS:

Ms. Gilliam presented the following first draft of exclusions from Insurance/Guarantee programs during the January 23, 2013, meeting:

1. Loan guarantee programs as defined in SFFAS 2 (as amended).
2. Social insurance programs as defined in SFFAS 17 (as amended).
3. Programs providing goods or services to those harmed when uncertain events occur, for example, providing potable water following a disaster or containment of oil following a spill.

There were extensive discussions about #3 at both the January 23rd and 30th meetings to understand the difference between goods or services and compensation provided by insurance/guarantee programs. It was determined that compensation by insurance/guarantee programs is financial compensation and not goods or services. That goods or services are a normal part of an appropriated program's activities and are at the discretion of programs that deal with disaster relief.³³

For example, FEMA recently delivered truckloads of bottled water to the citizens of West Virginia per:

At Governor Tomblin's request, President Obama issued an immediate Emergency Declaration (FEMA-EM-3366-WV) that utilized Emergency Protective Measures to assist the state in providing for the safety and welfare of the affected citizens, but that help was limited to Direct Federal Assistance.³⁴

The word "discretion" helped to distinguish programs that provide goods or services in disaster relief versus programs that are set up to provide insurance/guarantees. It was determined that those programs providing goods or services have discretion as to what to provide, versus insurance/guarantee programs that do NOT have discretion because the financial compensation that is provided by insurance/guarantee programs is specified in their explicit arrangements or agreements.

USTRANSCOM pointed out that there could be discretion in the payout value of, for example, airplanes in relation to the claim submitted. However, after careful deliberation, the TF determined that the value of final compensation is specific according to policy which requires an appraisal or some other professional value that is not at the discretion of any one program official.

Therefore, there is no discretion.

³³ In addition, the TF wanted to cite a specific act. The Disaster Relief and Emergency Assistance Act (Stafford Act) of 1988 was cited by FEMA and included as a footnote to this exclusion.

³⁴ Source – The State Journal, West Virginia's only business newspaper, *US lawmakers send letter to FEMA requesting financial aid*, Posted: Jan 29, 2014 3:08 PM EST
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The TF discussed and agreed that means tested benefits should also be excluded from Insurance/Guarantee programs. Therefore, added #4 below.

The TF also requested that programs to be captured in future phases of the Risk Assumed Project be added as exclusions. Therefore, FASAB staff updated #4 below.

The Task Force drafted the following EXCLUSIONS as of the January 30th meeting:

7. Loan and Loan guarantee programs as defined in SFFAS 2 (as amended).
8. Social insurance programs as defined in SFFAS 17 (as amended).³⁵
9. Programs providing discretionary goods or services to those harmed from adverse events.³⁶
 - a. For such programs, the Government has discretion about what goods/services to provide based on the Disaster Relief and Emergency Assistance Act (Stafford Act).³⁷
 - b. Any compensation or other benefit that is non-financial.
10. Entitlement Programs³⁸ that may or may not provide means tested benefits or coverage.

At the January 23rd meeting, Ms. Gilliam presented the following list of draft CHARACTERISTICS of Insurance/Guarantee Programs:

1. Program
2. Funding
3. Explicit Agreements
4. Designated Population
5. Uncertain Event
6. Benefits

DISCUSSION on CHARACTERISTICS:

1. Program (Jan. 23rd Meeting Draft)

An Insurance/Guarantee program can be independent or run within an agency.

³⁵ Includes unemployment insurance

³⁶ For example, providing potable water – disaster fund following a disaster or containment of oil following a spill

³⁷ Robert T. Stafford Act (PL 100-707) is a 1988 amended version of the [Disaster Relief Act of 1974](#) (PL 93-288). It created the system in place today by which a presidential disaster declaration of an emergency triggers financial and physical assistance through the [Federal Emergency Management Agency](#) (FEMA). The Act gives FEMA the responsibility for coordinating government-wide relief efforts. From Wikipedia, the free encyclopedia; last accessed January 28, 2014.

³⁸ Entitlement Programs will be captured in phase II of the Risk Assumed Project.

Discussion:

The TF discussed Program and agreed that a Program can be an independent agency or one of several programs run within a larger agency. In response to emails received from TF members after the January 30th meeting, FASAB staff updated the program characteristic to clarify what a program is authorized to provide.

The TF agreed to the following:

Program (Jan. 30th Meeting Final Draft)

A program is authorized by law to provide insurance or guarantees.

Programs may be administered by an agency established to do so or within a larger agency with many programs.

2. Funding (Jan. 23rd Meeting Draft)

The resources needed to run these programs are raised through premiums and fees paid, interest received from investments, appropriated funds, and/or borrowing.

Insurance/Guarantee programs might be required to act as trustees for acquired assets resulting from uncertain events that have occurred and manage related investments and income.

Discussion:

The TF discussed Funding and was concerned with Programs that actually provide financing to compensate for damages and under their authorities should recoup or recover those funds. It was agreed that this compensation structure constitutes a timing issue and that the risk has still transferred to the program until which time that payments, if possible, are recouped or recovered. Therefore, recoupments and recoveries were added in the final draft.

In addition, the TF agreed that, while premiums are possible in some programs, they are not necessary for a program to qualify as “insurance.” funding source. Therefore, a note to this affect was added.

In addition, the TF was concerned with “borrowing” being separated by “and/or” as if it is an independent funding source. The TF agreed that a program cannot borrow or receive appropriations unless it stated in their budget authority. Therefore, appropriations and borrowing authority were included as part of budget authority.

The TF agreed to the following:

Funding (Jan. 30th Meeting Final Draft)

The resources needed to fund Insurance/Guarantee programs may be raised through, but not limited to, any or all of the following: premiums, fees paid,

recoupments/recoveries,³⁹ interest received from investments, and/or budget authority including appropriated funds and borrowing authority.

Insurance/Guarantee programs may receive funds through acquisition and disposal or salvage of assets related to an adverse event.

As noted above, sources of funding are broad and the charging of “premiums” (or other fees) is not necessary for a program to qualify as an insurance program.

3. Explicit Agreements (Jan. 23rd Meeting Draft)

Insurance/Guarantee programs create explicit agreements between the program and parties to an uncertain event.

Insurance/Guarantee programs can enter into explicit agreements with designated individuals, state, local foreign governments, or businesses to carry out their mission.

Discussion:

The TF discussed the Explicit Agreements characteristic as the most specific authority that exists for Insurance/Guarantee programs,⁴⁰ with the law being the most general. It was determined that some programs enter into explicit arrangements, while others enter into agreements such as contracts, that specifically state the role of the program, the parties, funding requirements and compensation in relation to an adverse event. Therefore, the title of the characteristic was changed from Explicit Agreements to Explicit Arrangements/Agreements.

There was some concern about the term arrangements. FASAB’s legal counsel accepted the word “Arrangement” to capture other than Agreements.

There was an in depth discussion about whether a program has discretion related to compensation. It was determined that, although compensation might not be what was originally requested in the claim, that the explicit arrangement/agreement specifies who at the program has the authority to determine if the claim amount is appropriate in relation to the property damaged and how the compensation will be calculated,⁴¹ and therefore, there is no discretion.

The TF agreed to the following:

Explicit Arrangements/Agreements⁴² (Jan. 30th Meeting Final Draft)

³⁹ Monies received from a third party or commercial insurance company to repay all or part of a loss originally paid by the federal insurance/guarantee program. Monies may be received from, but are not limited to, the sale of salvageable parts.

⁴⁰ The hierarchy of authority is: Law or otherwise enforceable by law; Related regulations; Agency policies; or Explicit arrangements or agreements.

⁴¹ For example, a claim to USTRANSCOM for a damaged aircraft might require a professional appraisal to determine if the requested claim is accurate in relation to its actual value at the time of the crash. As a result, the compensation might be lower than originally requested.

⁴² A contract is a type of agreement

Insurance/Guarantee programs create an arrangement or agreement on behalf of the federal government that specifically states:

5. the role the program will play,
6. the parties,
7. funding requirements, and
8. compensation in relation to an adverse event.

Insurance/Guarantee programs may enter into explicit arrangements or agreements with specific individuals, state, local, or foreign governments, other federal agencies,⁴³ or businesses to carry out their mission.

4. Designated Population (Jan. 23rd Meeting Draft)

Regulations for Insurance/Guarantee programs identify the specific populations that risk has been transferred from and that could receive benefit in the case of an uncertain event occurring.

Populations can include, but are not limited to: individuals, state, local or foreign governments and businesses.

Discussion:

The TF discussed this characteristic and agreed that the hierarchy of authority identifies the beneficiaries in the Designated Population who may receive compensation. It was also determined that the Designated Population is not always the party who participates in the explicit arrangement/agreement with the program.

The TF agreed to the following:

Designated Population (Final Draft after additional emails and staff analysis)

The explicit arrangement/agreement identifies the beneficiaries that could receive financial compensation due to a negative impact from an adverse event.

Therefore, beneficiaries make up the designated population.

- Beneficiaries may or may not directly participate in the explicit arrangement/agreement prior to becoming eligible to receive compensation.
 - An example where beneficiaries do NOT directly participate in the explicit arrangement/agreement yet receive compensation:

When a bank directly participates in an explicit arrangement/agreement with FDIC by paying premiums and, upon

⁴³ One federal agency may indemnify another federal agency. For example, DOD indemnifies FAA by promising to pay the FAA bill after FAA pays the claim for aircraft wartime damage. FAA has originally assumed the risk until DOD repays the bill.

failure, provides a list of depositors (beneficiaries, i.e., the designated population) who are then compensated.

- An example where a beneficiary DOES directly participate in the explicit arrangement/agreement AND receives compensation:

When a US investor purchases risk insurance for political violence from OPIC and upon an act of politic violence that impacts their business investment will receive compensation.

- Designated populations can include, but are not limited to: individuals, businesses, state, local, or foreign governments.

The identification of the designated population may exist in the:

- E. law or otherwise enforceable by law,
- F. related regulations,
- G. agency policies, or
- H. explicit arrangements or agreements

5. Uncertain Event (Jan. 23rd Meeting Draft)

Insurance/Guarantee programs manage and fulfill claims for specifically prescribed event(s) that if they occur could weaken the socio/economic well being of beneficiaries.

Discussion:

The TF discussed the Uncertain Event characteristic and agreed that the Event that triggers a claim for compensation must be negative. Therefore, it was agreed to change it from “uncertain event” to “adverse event” which denotes the event as having a negative consequence.

The TF agreed to the following:

Adverse Event (Jan. 30th Meeting Final Draft)

A specifically prescribed event(s) that if it occurs could negatively affect the designated population as defined by:

- E. law or otherwise enforceable by law,
- F. related regulations,
- G. agency policies, or
- H. explicit arrangements or agreements.

6. Benefits (Jan. 23rd Meeting Draft)

Insurance/Guarantee programs provide a prescribed set of benefits that are defined by law or regulation.

Discussion:

The TF determined that Insurance/Guarantee programs pay financial compensation in relation to the negative impact on designated populations for adverse events. Therefore, the title was changed from “Benefits” to “Compensation.”

It was also determined that an Insurance/Guarantee program does NOT have any discretion on the amount of Compensation paid as defined in the hierarchy of authority.

The TF agreed to the following:

Compensation (Jan. 30th Meeting Final Draft)

Insurance/Guarantee Programs only provide specific financial compensation as defined by the:

- E. law or otherwise enforceable by law,
- F. related regulations,
- G. agency policies, or
- H. explicit arrangements or agreements.

7. Risk (Jan. 30th Meeting Draft)

Risk as related to an Insurance/Guarantee program is uncertainty in that the possibility of an adverse event occurring is outside the control of the program, the designated population, or the federal government.

Discussion:

It was determined during the January 23rd meeting that FASAB Staff would include a paragraph to define risk. We reviewed FASB’s definitions for Risk and did not find a specific one. However, each of FASB’s definitions⁴⁴ that included “Risk” in the title did include the term “uncertainties.”

⁴⁴ **FASB Risk Definitions:**

Insurance Risk-The risk arising from uncertainties about **underwriting risk** as opposed to **financial risk**.

Insurance risk is fortuitous; the possibility of adverse events occurring is outside the control of the insured

Mortality Risk-The risk arising from uncertainties about the obligation to make payments that are contingent upon

the death or continued survival of a specific individual or group **Timing Risk** -The risk arising from uncertainties

about the timing of the receipt and payments of the net cash flows from premiums, commissions, claims, and claim settlement expenses paid under a contract

Underwriting Risk-The risk arising from uncertainties about the amount of net cash flows from premiums, commissions, claims, and claim settlement expenses paid under a contract.

As a result, FASAB staff worked up the above draft for the January 30th meeting.

During the January 30th meeting, the TF agreed to include the term “uncertainty”, but felt that the phrase “outside the control of the program” was ambiguous. While programs have NO control over the risk of the occurrence of an adverse event, they do have control over the risk related to financial compensation as specified in their explicit arrangements/agreements. Therefore, it was agreed to include Risk as the main characteristic and then subdivided into Insurance/Guarantee Risk and Financial Risk - similar to how FASB developed their Risk definitions.

FASAB staff reworked the Risk characteristic as follows:

Risk: (Reworked Draft after Jan. 30th Meeting)

A. Insurance/Guarantee Program Risk

Insurance/Guarantee Program Risk is the uncertainty of an adverse event occurring, in that the possibility of an adverse event occurring is outside the control of the program, the designated population, and the federal government.

B. Financial Risk

The risk arising from expected compensation for losses experienced by the designated population due to an adverse event.

Explicit arrangements/agreements for Insurance/Guarantee programs might state how they will manage Financial Risk by defining:

4. What the Insurance/Guarantee program can obligate to compensate the negative impact of an adverse event.
5. How the Insurance/Guarantee program can limit exposure.⁴⁵
6. If and how much to place in a reserve.

7. Risk Transferred (Jan. 30th Meeting Draft)

Insurance/Guarantee programs accept all or part of the negative impact resulting from an adverse event through financial compensation to its designated population.

Insurance/Guarantee programs might be required to accept:

1. All risk for covered losses.

⁴⁵ Each program titles their limiting of exposure differently, for example: FEMA=Probable Maximum Loss (PML); OPIC = Maximum Contingent Liability (MCL).
 March 2014 Memo

2. Partial risk by filling a gap where commercial Insurance companies are not able to provide a required insurance.
3. Timing risk wherein the program (and the federal government) finances benefits in anticipation that future premiums will be sufficient to cover all past benefits.

Discussion:

After the January 23rd meeting FASAB Staff worked up the above draft of the Risk Transferred characteristic for the January 30th meeting.

During the January 30th meeting, the TF determined that the first paragraph was accurate. We spent a considerable amount of time on the second paragraph and made the following changes:

- In order to recognize that Insurance/Guarantee programs might accept more than one of the risks that might transfer, the first line of the second paragraph was changed from ...”might be required to accept:” to “might be required to accept any or all of the following:”
- The TF determined that the first bullet was accurate.
- In relation to the second bullet, the TF decided that partial risk may include reinsurance coverage. It was discussed that reinsurance is accounted for differently and the TF should address this during our measurements discussions. A footnote was added to reference this. When Insurance/Guarantee programs fill a gap, insurance companies are not able or willing to provide insurance. Therefore, “or willing” was added. Since the lead sentence stated “might be required” we removed “a required” and added “the” to the second bullet.
- Timing Risk was the topic of discussion for the third bullet. We discussed adding a sub-bullet for Credit Risk, but decided that Timing Risk covered that concept, in that Credit Risk relates to compensating losses at the time of the adverse event (financing) with the intent to replace those outlays with future funding sources.⁴⁶

FASAB staff reworked the Risk Transferred characteristic as follows:

Risk Transferred (Jan. 30th Meeting Final Draft)

⁴⁶ See Funding characteristic.
March 2014 Memo

Insurance/Guarantee programs accept all or part of the negative impact resulting from an adverse event through financial compensation to its designated population.

Insurance/Guarantee programs might be required to accept any or all of the following:

4. All Risk for covered losses.
5. Partial Risk⁴⁷ by filling a gap where commercial Insurance companies are not able or willing to provide the insurance.
6. Timing Risk wherein the program provides compensation for losses at the time claims are received and processed in anticipation that future funding sources⁴⁸ will be sufficient to cover all or part of past benefits paid. The risk to compensate for all or part of losses incurred is transferred through a financing type of arrangement.

8. Acceptance (Jan. 30th Meeting Draft)

Acceptance occurs when a program clearly and explicitly agrees to compensate beneficiaries by making a payment as authorized by law for the occurrence of an adverse event.

Discussion:

FASAB staff added the Acceptance characteristic in order to clarify what “accepts all or part of...” means. It was presented at the January 30th meeting. The TF decided to change the name of the characteristic to Acceptance of All of Part of Risk.

The TF agreed that acceptance of all or part of risk occurs when a program enters into an explicit arrangement of agreement and changed the definition to match.

The TF agreed to the following:

Acceptance of All or Part of Risk (Jan. 30th Meeting Final Draft)

Acceptance of all or part of risk occurs when a program enters into the explicit arrangement or agreement.

9. Hierarchy of Authority (Added after Jan. 30th Meeting Draft)

⁴⁷ Partial risk may include reinsurance coverage.

⁴⁸ See Funding characteristic

Discussion:

The TF requested that a characteristic be added for the Hierarchy of Authority which is referenced throughout.

The TF decided that an Insurance/Guarantee program is authorized by law, however, the law is very broad and that it was necessary to define the hierarchy of an insurance/guarantee program's authority from general to more specific. It was determined that the law is the most general, followed by regulated regulations, agency policies, with the most specific being explicit arrangements or agreements.

FASAB staff drafted the Hierarchy of Authority characteristic as follows:

Hierarchy of Authority (Jan. 30th Meeting Final Draft)

An Insurance/Guarantee program should follow the following hierarchy of authority in order to carry out the mission of the program:

- E. law or otherwise enforceable by law,
- F. related regulations,
- G. agency policies, or
- H. explicit arrangements or agreements.

Additional Task Force Question:

The Task Force asked a question regarding agencies and/or funds not being backed by the full faith and credit of the federal government⁴⁹ and how that type of situation impacts risk assumed.

Staff Analysis:

Per the staff analysis, it does not appear that having or not having the full faith and credit of the government impacts the characteristics of an insurance/guarantee program; however it could impact measurement and recognition. Therefore, it will not be included in any of the characteristics, but will be discussed when the task force moves into determining the measurement and recognition for insurance and guarantee programs.

⁴⁹ For example PBGC obligations are not backed by the full faith and credit of the US Government. ERISA section 4001(g)(2) states the following with respect to the federal government responsibilities to PBGC's obligations: "The receipts and disbursements of the corporation in the discharge of its functions shall be included in the totals of the budget of the United States Government. The United States is not liable for any obligation or liability incurred by the corporation."

Final Comments

Ms. Gilliam thanked everyone for their time and input and stated that she greatly appreciated everyone’s participation. She informed them that the meeting notes for January 23rd and 30th would be combined and they would receive a draft during the week of February 3rd, 2014.

Ms. Gilliam also informed the TF that communication would continue between meetings to answer or clarify questions or provide additional information as needed.

Next Steps

Ms. Gilliam presented the below schedule for their future meetings, informing the TF that she would be sending out invites shortly.

RA-IG TF Schedule

Meeting #	Day	Date	Time	Room	NOTES:
Board Meeting: March 6th [Thursday] 8:00am – 9:00am Request TF representation for definition discussion					
3	Thursday	March 20, 2014	9:00am – 12noon	Warren (7B16)	Develop Measurements
4	Thursday	March 27, 2014	9:00am – 12noon	Warren (7B16)	Develop Measurements
Board Meeting: April 23rd and 24th [Wed and Thursday] – TF representation TBD					
5	Thursday	May 22, 2014	9:00am – 12noon	Warren (7B16)	Develop Measurements
Board Meeting: June 25th and 26th [Wed and Thursday] – TF representation TBD					

Risk Assumed – Insurance/Guarantees Task Force Members – Attendance (X)

Agriculture, U.S. Department of (USDA)

- Michael Drewel, Risk Management Agency, Accounting Officer
- Shanda Sander, Risk Management Agency, Special Assistant to CFO (X)

CliftonLarsonAllen

- Roger Von Elm, Principal, Federal Government (X)

Federal Accounting Standards Advisory Board (FASAB)

- Robin Gilliam, FASAB, Assistant Director, Project Lead (X)
- Jacquelyn Hamilton, FASAB General Counsel (X)
- Monica Valentine, FASAB Assistant Director (X)
- Wendy Payne, FASAB Executive Director (X)

Federal Aviation Administration, Department of Transportation

- Lisa Graves, Manager, Financial Statements and Reporting Division (X)
- Linda Mansouri, Systems Accountant, Financial Statements and Reporting Division (X)
- Tom Brown, Insurance Examiner, Aviation Insurance Program (X)

Federal Deposit Insurance Corporation (FDIC)

- Vanessa Hester, Manager of Accounting & Tax Policy (X)

Federal Emergency Management Agency (FEMA)

- Beverly Scott, Chief Financial Statements and Reporting Branch, within OCFO (X)
- Jennifer Raab, Accountant , Financial Statements and Reporting Branch-OCFO (X)
- Thomas Hayes, Chief Actuary (X)

Government Accountability Office, U.S. (GAO)

- Darryl Chang, Assistant Director, Financial Management and Assurance (FMA) (X)
- Paula Rascona, Director, FMA

Health and Human Services

- Karin Dasuki, Deputy Director, Office of Financial Systems Oversight and Policy (X)

Housing and Urban Development, U.S. Department of (HUD)

- Myrna Gordon, Director, Financial Analysis and Controls Division, Office of Financial Analysis and Reporting, FHA Comptroller's Office (X)

KPMG, LLP

- Armando Mieles, Partner, Federal Credit Reform (X)

National Credit Union Administration

- Chris McGrath, Director, Division of Insurance, Office of the Chief Financial Officer (X)
- Steve Farrar, Division of Risk Management - Loss/Risk Analyst

Office of Management and Budget (OMB)

- Regina Kearney, Senior Advisor, Office of Federal Finance Management (OFFM)
- Sarah Lyberg, Team Lead Federal Credit team, Budget Review Division, Budget Analysis Branch (X)

Overseas Private Insurance Corporation (OPIC)

- Allan Villabroza, Vice President & Chief Financial Officer
- Terri Martin, Managing Director, Financial Management (X)

Pension Benefit Guaranty Corporation (PBGC)

- Gowon Thorpe, Auditor, Contracts and Controls Review Department (X)

Treasury, U.S. Department of (Treasury)

- Scott Bell, Office of the Fiscal Assistant Secretary/Accounting Policy Division (X)

USTRANSCOM, Department of Defense

- Bruce Crabtree, Budget Policy Analyst (X)
- Dwight Moore, Chief, Fiscal and Civil Law, Office of Staff Judge Advocate (X)

Veterans Affairs, U.S. Department of (VA)

- Hala Maray, Actuary (X)
- Maryanne Stupka, Chief, Actuarial Staff (X)

FASAB Staff Contact:

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TAB E – Appendices

(Optional Reading for Reference)

Risk Assumed: Insurance and Guarantees

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2	List to Date of Identified Insurance/Guarantee Programs	38

TAB E - Appendix 1: Risk Assumed - Project Decision History

December 2013:

1. The Board agreed with staff's recommendation that it would be difficult to apply the FASB proposed insurance contracts definition to federal insurance/guarantee programs
 - Board requested and Staff agreed to present FASB's proposed definition to the Task Force during the development of the federal definition
2. The Board agreed with Staff's next step to develop a general definition and specific characteristics of insurance and guarantee programs.

June 2013:

1. The Board agreed with staff's recommendation to ask the four federal entities identified to respond to specific questions on FASB's insurance contracts proposal. Staff would use those responses to identify application concerns that would be unique to a federal entity.
2. The Board agreed to further narrow the scope to federal insurance and guarantee **programs** rather than contracts to support the structure of the federal environment and president's budget.

February 2013:

The risk assumed project will be addressed in a **phased approach**:

- Phase I: Insurance and Guarantees
- Phase II: Entitlement Programs, including: national defense, security and disaster response; and other potential effects on future outflows, such as regulatory actions, GSE's, etc.
- Phase III: Commitments and Obligations and other risk areas

TAB E – Appendix 2:

List to Date of Identified Insurance/Guarantee Programs

#	Agency	Insurance/Guarantee Program	Description <i>[Sources may include 2013 Budget Appendix and/or Program Annual Reports and/or Websites]</i>
1	DOD	War Risk (Marine) Insurance	Providing premium third party liability war risk insurance. Covers: hull losses; death, injury or property loss to passengers, or crew resulting from an act of war.
2	FAA/DOD	War Risk (Airline) Insurance	
3	FCSIC	Farm Credit System Insurance Corporation	Protecting Investors in agriculture and rural America. Insures the timely payment of principal and interest on certain System notes, bonds, and other obligations issued to investors.
4	FDIC	Federal Deposit Insurance Corp	To maintain stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions for safety and soundness and consumer protection, and managing receiverships.
5	FEMA	National Flood Insurance Program	To help provide a means for property owners to financially protect themselves. Offering flood insurance to homeowners, renters, and business owners if their community participates in the NFIP.
6	HHS	Early Retiree Reinsurance Program (Scheduled to end in 2014)	Provides reimbursement to participating sponsors of certified plans that provide health benefits to early retirees (age 55 and older and not eligible for Medicaid) their spouses and surviving spouses and dependents. Affordable Care Act (ACA)
7	HHS	Pre-Existing Condition Insurance Plan Program (PCIP) (Scheduled to end in 2014)	Offers the option of two additional months of PCIP coverage to people currently enrolled in PCIP who have not yet found new health insurance coverage. This transitional coverage through March 31, 2014, will allow PCIP enrollees more time to review (ACA) Marketplace plan options and enroll in the coverage that best meets their needs before open enrollment closes in March.
8	HHS/HRSA	National Vaccine Injury Compensation Program	To ensure an adequate supply of vaccines, stabilize vaccine costs, and establish and maintain an accessible and efficient forum for individuals found to be injured by certain vaccines. The VICP is a no-fault alternative to the traditional tort system for resolving vaccine injury claims that provides compensation to people found to be injured by certain vaccines.
9	NCUA	Credit Union Share Insurance Fund	To facilitate the availability of credit union services to all eligible consumers, especially those of modest means, through an objective independent regulatory environment that protects credit union members.
10	NRC	Price Anderson - Nuclear Power Plants catastrophe	to ensure that adequate funds would be available to satisfy liability claims of members of the public for personal injury and property damage in the event of a nuclear accident involving a commercial nuclear power plant.
11	OPIC	Overseas Private Investment Corporation	Allows U.S. businesses to take advantage of commercially attractive opportunities in emerging markets, mitigating risk and helping them compete in a global marketplace...Provides innovative, comprehensive, and cost-effective risk-mitigation products to cover losses to tangible assets, investment value, and earnings that result from political perils.
12	OPM	Federal Employees Life Insurance (FEGLI)	A life insurance program for Federal and Postal employees and annuitants,

#	Agency	Insurance/Guarantee Program	Description <i>[Sources may include 2013 Budget Appendix and/or Program Annual Reports and/or Websites]</i>
13	PBGC	Pension Benefit Guarantee Corporation	Protects the retirement incomes of more than 40 million American workers in more than 26,000 private-sector defined benefit pension plans... created to encourage the continuation and maintenance of private-sector defined benefit pension plans, provide timely and uninterrupted payment of pension benefits, and keep pension insurance premiums at a minimum.
14	TREASURY	Check Forgery Insurance Fund	Facilitates timely payments for replacement Treasury checks necessitated due to a claim of forgery. To reduce hardships sustained by payees of government checks that have been stolen and forged, settlement is made in advance of the receipt of funds from the endorsers of the checks.
15	TREASURY	Terrorism Insurance Program	Provides for a transparent system of shared public and private compensation for certain insured losses resulting from a certified act of terror.
16	USDA	Federal Crop Insurance Corporation (FCIC)	To provide for nationwide expansion of a comprehensive crop insurance plan...includes products involving yield and revenue insurance, pasture, rangeland and forage, livestock, and other educational and risk
17	VA	National Service Life Insurance Fund	For World War II era Veterans
18	VA	Service-disabled Veterans Insurance Fund (SDVIF)	For Veterans separated on or after Apr. 25, 1951 who receive a service-connected disability rating
19	VA	Service members' Group Life Insurance Fund (SGLI)	For members of the Uniformed Services on active duty and Ready reservists
20	VA	United States Government Life Insurance (USGLI)	For Veterans who served in World War I and through October 8, 1940
21	VA	Veterans' Special Life Insurance (VSLI)	For Korean War era Veterans separated from service without a service-connected disability
22	VA	Veterans' Reopened Life Insurance (VRI)	For World War II and Korean War Veterans with service-connected or serious non-service-connected
23	VA	Veterans' Mortgage Life Insurance (VMLI)	For severely disabled Veterans who have received specially adapted housing grants.
24	VA	Veterans' Group Life Insurance (VGLI)	For Veterans and separated or retired Reservists who had SGLI while in service
25	VA	Family Service members' Group Life Insurance (FSGLI)	For spouses and children of members insured under the SGLI program.
26	VA	Service members' Group Life Insurance Traumatic Injury Protection (TSGLI)	Automatic coverage for all SGLI insureds that provides for insurance payments to members who suffer a serious traumatic injury while in service