

August 15, 2014

Memorandum

To: Members of the Board

Robin M. Gilliam

From: Robin M. Gilliam, Assistant Director

Through: *Wendy M. Payne*
Wendy M. Payne, Executive Director

Subject: Risk Assumed—Insurance and Non-Loan Guarantee Phase – **Tab I**¹

MEETING OBJECTIVE

The objectives for the Risk Assumed—Insurance and Non-Loan Guarantee (RAIG) Phase for the August 2014 meeting are to:

- I. Review and Approve the Revised Definition, Criteria, and Exclusions
- II. Review and Discuss the Insurance Liability
- III. Review and Approve Insurance Program Disclosures
- IV. Review and Approve Risk Assumed

BRIEFING MATERIALS

Staff Memo

Appendices: (Optional Reading for Reference)

- Appendix 1: Risk Assumed - Project Decision History and Milestones
- Appendix 2: List to date of Identified Insurance/Non-Loan Guarantee Programs
- Appendix 3—List to Date of Programs Named as “Insurance” But not Identified as Insurance and Non-Loan Guarantee Programs²
- Appendix 4: FASB decisions reached at July 16, 2014, meeting
- Appendix 5: GAO. Catalogue of Federal Insurance Activities. GAO-O5-265R

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.

²FY 2014 Budget Appendix: <http://www.whitehouse.gov/omb/budget>

BACKGROUND

During the April 2014 Board meeting, staff presented an updated insurance and non-loan guarantee definition including criteria (characteristics) and exclusions, results from the task force comparison to loan guarantee programs under the credit reform act.

In relation to the definition, staff revised the definition to address members' questions/concerns about:

- 1) Distinguishing insurance and non-loan guarantee programs from loan guarantee programs.
- 2) Use of the term "non-loan guarantees" and what value it adds.
- 3) Clarifying the exclusion of disaster relief programs in relation to the type of compensation provided.

Staff reviewed the analysis of the task force comparison of similarities and differences with loan guarantee programs under the Federal Credit Reform Act with the Board to determine if there was any further research required. The Board was satisfied with the presented information and did not wish staff to conduct any further research on this topic.

The Board requested a gap analysis to understand what is being reported now in relation to the measurement and recognition proposal.

MEMBER FEEDBACK

If you require additional information or wish to suggest an 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.

STAFF MEMO:

I. REVIEW AND APPROVE THE REVISED DEFINITION, CRITERIA, AND EXCLUSIONS:

Revisions made to the Definition, Criteria, and Exclusions:

1. Staff removed “non-loan guarantee” from the definition and criteria because a number of Board and task force members found it confusing.
2. In order to address members’ concern that the definition and criteria were not distinct enough from the federal credit reform act (FCRA) guarantees, staff added (other than a defaulted debt obligation) to distinguish “an adverse event” from those covered under the FCRA.
3. “Agreement” was moved before “arrangement” because members felt that agreement was closer to a contract and is more prominent in this logical order.
4. Staff updated the disaster relief exclusion to include funding in addition to goods and services. In addition, it is The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 100-707), commonly referred to as the Stafford Act, only that authorizes and regulates disaster relief programs. Therefore, staff has retained that specific reference.
5. Staff added self-insurance as an exclusion.

A. DEFINITION:

Insurance³ programs are authorized by law to accept all or part of the risk for losses incurred by a designated population of beneficiaries as a result of an adverse event (other than a defaulted debt obligation) by financially compensating them.

B. CRITERIA:

- Insurance programs are administered by an agency established to do so or within an agency that administers many programs.
- Insurance programs collect exchange or non-exchange revenue that may be earned through, but is not limited to, any or all of the following: premiums,⁴

³ The term “insurance” will include insurance programs as well as guarantee programs not designed for loan/debt guarantees.

- fees paid, excise taxes, penalties and/or fines, recoveries,⁵ interest received from investments and/or receivables, and/or budget authority including appropriations and borrowing authority.⁶
- Insurance programs create an agreement⁷ or arrangement that specifically states:
 - the role the program will play,
 - who the parties are that may contribute funding,
 - the designated population that may be beneficiaries and their responsibilities for receiving compensation for losses,⁸
 - funding requirements,
 - financial compensation to be paid,
 - the adverse event (other than a defaulted debt obligation), and
 - if and how much to place in reserves.
 - Insurance programs assume risk for the uncertainty of an adverse event occurring (other than a defaulted debt obligation), and the amount of compensation expected to be paid for losses.
 - Through insurance programs the federal government assumes:
 - all risk for covered losses;
 - partial risk by filling a gap where commercial Insurance companies are not able or willing to provide the insurance; or
 - a timing risk wherein the insurance program provides compensation for losses at the time claims are received and processed in anticipation that future funding sources will be sufficient to cover all or part of past benefits paid.

⁴ The term “premiums” will be used to mean premiums, fees paid, excise taxes, penalties and/or fines.

⁵ Recoveries may be monies recouped or recovered from: (1) another agency through an indemnification agreement, (2) a third party or commercial insurance company to repay all or part of a loss originally paid for by the program, and/or (3) the sale of salvageable parts through acquisition and disposal or salvage of assets. Recoveries may also be adjustments to already paid claims where the claimant owes money back to the program for a loss that wasn't realized.

⁶ 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.

⁷ Insurance programs may enter into explicit arrangements or agreements with specific individuals, state, local, or foreign governments, other federal agencies, or businesses to carry out their mission.

⁸ Beneficiaries may or may not directly participate in an explicit agreement/arrangement prior to becoming eligible to receive compensation. An example where a beneficiary does directly participate and receives compensation is when a U.S. investor purchases risk insurance for political violence and upon an act of politic violence that impacts their business investment may receive compensation. An example where beneficiaries do not directly participate is when a service provider pays premiums directly to a federal insurance program and upon failure provides a list of customers as beneficiaries whom the program may compensate.

C. EXCLUSIONS:

- a. Loan guarantee programs as defined in SFFAS 2 (as amended) are not included as insurance programs because they cover defaulted debt obligations.
- b. Social insurance programs as defined in SFFAS 17 (as amended) are not included as insurance programs.⁹
- c. Robert T. Stafford Relief and Emergency Assistance Act (Stafford Act)¹⁰ programs that provide discretionary funding, goods, and/or services are not included as insurance programs.¹¹
- d. Entitlement programs that administer eligibility requirement applications to provide means tested benefits are not included as insurance programs.
- e. “Self-insurance,” where the government assumes the risk of loss for some its own activities¹² is not included as insurance programs.
- f. Programs whose missions are not by statute to provide insurance but which process claims through an administrative or judicial process¹³ are not included as insurance programs.
- g. Programs whose missions are not by statute to provide insurance but which provide security against loss or damage through contractual indemnification of another party¹⁴ are not included as insurance programs.

Does the Board approve the revised definition, criteria, and exclusions?

⁹ Includes unemployment insurance as this is captured also in SFFAS 17.

¹⁰ The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 100-707), signed into law on November 23, 1988; amended the Disaster Relief Act of 1974 (Public Law 93-288). The Stafford Act constitutes the statutory authority for most Federal disaster response activities especially as they pertain to the Federal Emergency Management Agency (FEMA) and FEMA programs.

¹¹ Criteria updated due to discussion with Chairman Allen concerning funding that was provided to Washington State mud slide victims in addition to goods and services. In addition, it is the Stafford Act that authorizes and regulates disaster relief programs

¹² GAO, Catalogue of Federal Insurance Activities, GAO-05-265R, page 4.

¹³ An example is an administrative settlement of tort claim resulting from military events.

¹⁴ 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.

II. REVIEW AND DISCUSS THE INSURANCE LIABILITY:

Staff Analysis:

Per SFFAS 5, *Accounting for Liabilities of The Federal Government*:¹⁵

104. *All federal insurance and guarantee programs*¹⁶ ... should:

- Recognize a liability for unpaid claims incurred, resulting from insured events that have occurred as of the reporting date.

The standard requires recognition of the liability that is:

- known with certainty
- plus an accrual for a contingent liability recognized
 - when an existing condition, situation, or set of circumstances involving uncertainty as to possible loss exists and
 - the uncertainty will ultimately be resolved when one or more probable future events occur or fail to occur;
 - a future outflow or other sacrifice of resources is probable; and
 - the future outflow or sacrifice of resources is measurable.

Insurance and guarantee programs should recognize as an expense all claims incurred during the period, including, when appropriate, those not yet reported and contingencies that meet the criteria for recognition... [Life insurance provisions omitted.]

Staff requests that the Board review *TABLE #1—Examples of Current Insurance Liability Disclosures* to determine if this is what they expected to see in relation to the insurance liability.

If this is not what the Board members expected, what updates would the Board like to include in the standards to clarify what insurance programs should disclose for their insurance liability?

¹⁵ Bullets, **bolded**, and underlined added for emphasis.

¹⁶ Except social insurance and loan guarantee programs

TABLE #1—Examples of Current Insurance Liability Disclosures

Program Name & Summary	Insurance Liability ¹⁷
<p>Federal Crop Insurance Corporation (FCIC) administered by the Risk Management Agency under Department of Agriculture (USDA)</p> <p>Provides optional annual crop insurance.</p>	<p>FCIC recognizes their insurance liability as Estimated Losses on Insurance Claims on the RMA balance sheet under <i>Other Liabilities</i>.</p> <p>FCIC provides a summary of the following activities in the accrual for estimated losses in <u>Note 6</u>:</p> <p>Beginning Balance Incurred claims for current and prior years Paid claims for current and prior years Reserve for premium deficiency¹⁸ Ending Balance</p> <p>FCIC includes the following narrative:</p> <p>Loss Recognition The liability for estimated losses on insurance claims represents those claims that have been incurred, but have not been reported to FCIC as of the Balance Sheet date. The estimation of these liabilities relies on calculations using historical-yield estimates provided by USDA's National Agricultural Statistical Service (NASS) and commodity futures prices.</p> <p>There are uncertainties associated with assumptions used to estimate the losses on insurance claims. As a result, the ultimate liability may differ significantly from the recorded estimate. These uncertainties may include: actual yields which may be different than those provided by the NASS estimates; changes in weather patterns close to harvesting dates, which could affect yields but not be reflected in the NASS estimates; commodity prices which may change from those in the market because of many factors (such as weather, yields, and economic conditions); and significant catastrophic weather events (i.e. hurricanes and freezes) occurring near the balance sheet date which could affect estimated crop yields and crop prices.</p> <p>Indemnity costs (claims) are paid from premium proceeds, including premium subsidies and collected producer premium.</p>
<p>National Flood Insurance</p>	<p>NFIP recognizes their insurance liability on the DHS balance sheet under <i>Other Liabilities</i>.</p>

¹⁷ Cited or paraphrased from the Programs' Financial statements and/or task force notes/emails.

¹⁸ FCIC *Reserve for Premium Deficiency* is related to the portion of premium subsidies that is deferred to the following year.

Program Name & Summary	Insurance Liability ¹⁷
<p>Program (NFIP) managed by the Federal Emergency Management Agency (FEMA) under the Department of Homeland Security Agency (DHS).</p> <p>Provides optional annual flood insurance.</p> <p>Provides required annual flood insurance for those properties sitting on flood areas with mortgages provided by federal agencies.</p>	<p>NFIP provides a summary in Note 20 of their insurance liability for unpaid losses and related loss adjustment expenses and amounts paid for the year ended September 30 and consists of the following items:</p> <p>Beginning balance Change in incurred losses for the current and prior years. Amounts Paid for events for current and prior years. Total Insurance Liability</p> <p><u>Note 20 states:</u> Insurance liabilities consist primarily of NFIP insurance liabilities. The NFIP insurance liability represents an estimate of NFIP based on the loss and loss adjustment expense factors inherent in the NFIP insurance underwriting operations experience and expectations.</p> <p>Estimation factors used by the insurance underwriting operations reflect current case basis estimates and give effect to estimates of trends in claim severity and frequency. These estimates are periodically reviewed, and adjustments, reflected in current operations, are made as necessary.</p>
<p>National Credit Union Share Insurance Fund (NCUSIF) is managed by the National Credit Union Administration (NCUA).</p> <p>NCUA provides required annual insurance for federal credit unions and optional annual insurance for other than federal credit unions.</p>	<p>NCUA recognizes the insurance liability on their balance sheet under <i>Other-Insurance and Guarantee Program Liabilities</i>.</p> <p>Per Note 7: <i>Other Liabilities—Insurance and Guarantee Program Liabilities</i>: The activity in the Insurance and Guarantee Program Liabilities from insured credit unions and AME¹⁹ included:</p> <p>Beginning Balance Reserve Expense Insurance losses claims paid Net Estimated Recovery/Claim on AMEs Ending Balance</p> <p>Note 7 states: NCUA identifies insured credit unions experiencing financial difficulty through NCUA’s supervisory and examination process. On both a general and specific case basis, management determines the estimated losses from these credit unions. NCUA also evaluates overall economic trends and monitors potential system-wide risk factors, such as increasing levels of consumer debt, bankruptcies, and delinquencies. NCUA applies the CAMEL</p>

¹⁹NCUA establishes an Asset Management Estate (AME) to collect the obligations due to the credit union, monetize assets and distribute amounts to claimants, including the NCUSIF, according to their respective regulatory payout priorities.

Program Name & Summary	Insurance Liability ¹⁷
	<p>rating system to assess an insured credit union's financial condition and operations.</p> <p>...</p> <p>The anticipated losses are net of estimated recoveries from the disposition of the assets of failed credit unions. NCUA recognizes reserves for both identified and anticipated losses resulting from insured credit union failures.</p>
<p>Overseas Protection Insurance Corporation (OPIC)</p> <p>OPIC insures investments for up to 20 years; this is optional insurance and not required by any regulation or law.</p>	<p>OPIC recognizes a <i>reserve for political risk insurance</i> and <i>unearned premiums</i> as Liabilities on their balance sheet.</p> <p>Note 9: Political Risk Insurance states:</p> <p>(a) Political Risk Insurance</p> <p>OPIC insures investments for up to 20 years against three different risks: inconvertibility of currency, expropriation, and political violence. Insurance coverage against inconvertibility protects the investor from increased restrictions on the investor's ability to convert local currency into U.S. dollars. Inconvertibility insurance does not protect against devaluation of a country's currency.</p> <p>Expropriation coverage provides compensation for losses due to confiscation, nationalization, or other governmental actions that deprive investors of their fundamental rights in the investment.</p> <p>Insurance against political violence insures investors against losses caused by politically motivated acts of violence (war, revolution, insurrection, or civil strife, including terrorism and sabotage). Under most OPIC insurance contracts, investors may obtain all three coverages, but claim payments may not exceed the single highest coverage amount. Claim payments are limited by the value of the investment and the amount of current coverage in force at the time of the loss and may be reduced by the insured's recoveries from other sources. In addition, in certain contracts, OPIC's requirement to pay up to the single highest coverage amount is further reduced by stop-loss and risk-sharing agreements. Finally, losses on insurance claims may be reduced by recoveries by OPIC as subrogee of the insured's claim against the host government. Payments made under insurance contracts that result in recoverable assets are reported as assets acquired in insurance settlements.</p> <p>OPIC's Maximum Contingent Liability at September 30, 2013 and 2012 was \$3.1 billion at September 30, 2013 and 2012. This amount is OPIC's estimate of maximum exposure to insurance claims, which includes standby coverage for which OPIC is</p>

Program Name & Summary	Insurance Liability ¹⁷
	<p>committed but not currently at risk. A more realistic measure of OPIC's actual exposure to insurance claims is the sum of each single highest "current" coverage for all contracts in force, or Current Exposure to Claims (CEC). OPIC's CEC at September 30, 2013 and 2012 was \$2 billion and \$2.4 billion, respectively.</p>

Is this what the Board expected to see for the insurance liability recognition?

If not, what updates would the Board like to include in the standards to clarify what insurance programs should recognize for their insurance liabilities?

III. Review and Approve Insurance Program Disclosures:

Staff Analysis:

Per SFFAS 5 there is no explicit list of disclosures for insurance only general requirements such as the information below for contingencies

Criteria For Disclosure Of A Contingent Liability

40. A contingent liability should be disclosed if any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred. "Disclosure" in this context refers to reporting information in notes regarded as an integral part of the basic financial statements.

41. Disclosure should include the nature of the contingency and an estimate of the possible liability, an estimate of the range of the possible liability, or a statement that such an estimate cannot be made.

42. In some cases, contingencies may be identified but the degree of uncertainty is so great that no reporting (i.e., recognition or disclosure) is necessary in the general purpose federal financial reports. Specifically, contingencies classified as remote need not be reported in general purpose federal financial reports, though law may require such disclosures in special purpose reports. If information about remote contingencies or related to remote contingencies is included in general purpose federal financial reports (e.g., the total face amount of insurance and guarantees in force), it should be labeled in such a way to avoid the misleading inference that there is more than a remote chance of a loss of that amount.

The staff requests the Board to review the following proposed candidates for disclosure:

- A. Exchange Revenue
- B. General Funding
- C. Borrowing
- D. Acquired Assets and Net Recoveries
- E. Recoveries
- F. Investments, Reserve Balances, and Interest Income
- G. Funds Transferred to Treasury
- H. Acquisition Costs
- I. New Laws/Changes in Actuarial Assumptions
- J. Maximum Exposure (Insurance in Force)

A. EXCHANGE REVENUE:

One of the criteria for an insurance program is exchange revenue. Currently, insurance programs include revenue in their Statement of Net Cost. However, because there are no clear instructions on what should be disclosed; insurance programs disclose their revenue in a multitude of ways. Information on exchange revenue is important to determine the types of revenue available and needed to cover losses.

One of the issues raised by the TF was a lack of unity for how to present information. Treasury said that this created a challenge in presenting a complete picture in the CFR.

Staff requests that the Board review TABLE #—Examples of How Revenue is Disclosed in the Statement of Net Cost and notes to determine if this is what they expected to see in relation to exchange revenue for insurance programs.

TABLE #3—Examples of How Revenue is Disclosed in the Statement of Net Cost

PROGRAM	REVENUE AS STATED IN THE STATEMENT OF NET COST	NOTES
CROP FCIC – RMA	Less: Earned Revenue from the Public Premium Revenue Net (Gain)/Loss on Business Ceded from AIPs Other Revenue Total Earned Revenue with the Public	
FDIC	Assessments Interest on U.S. Treasury obligations Dividends and interest on trust preferred securities Misc receipts	
FLOOD NFIP– FEMA– DHS	Less Earned Revenue	<ul style="list-style-type: none"> • No further breakout • Displayed for Ensuring Resilience to Disasters a Major Mission:
NCUA	Less Earned Revenues <ul style="list-style-type: none"> • Interest Revenue on Note Receivable from the National Credit Union Administration Operating Fund • Interest Revenue on Notes • Insurance and Guarantee Premium Revenue Total Earned Revenues 	
OPIC	Political risk insurance premiums and fees Investment financing interest and fees Other operating income Interest on finance program	

PROGRAM	REVENUE AS STATED IN THE STATEMENT OF NET COST	NOTES
	deposits Interest on U.S. Treasury securities Unrealized gains, derivations Total revenues	
PBGC	Income: Premium, net Other Total	Broken out for Single-employer and Multiemployer with details in Note 11 for: <ul style="list-style-type: none"> • flat rate premiums, • variable-rate premium, • Interest and Penalty Income, • Termination Income, • Less changes in the allowance for reserve for bad debts for interest, penalties, and premiums
OPM	Less: Earned Revenue	Broken out for life insurance benefit program
VA – Life Insurance Programs	Less Earned Revenue	<ul style="list-style-type: none"> • Disclosed for each life insurance program • No further breakout

Staff Recommendation

In order to establish consistency, staff recommends that insurance programs disclose the amounts and percentage to the total for the following earned revenue items:

- Premiums
- Fees
- Excise Taxes
- Fines and/or penalties
- Interest received from investments
- Net Recoveries from salvaged or acquired assets
- Recoupments from insurance adjustments
- Reimbursements indemnification agreements
- Other income not to include borrowings or appropriations

Insurance Programs should also explain the sources of their revenue, such as who pays the premiums.²⁰

Any material changes from the prior to current year should be explained.

Does the Board approve the disclosure for insurance program exchange revenue?

B. GENERAL FUNDING:

Staff Analysis:

For some insurance programs, the government provides appropriations (general funding) to cover any shortage not covered by premiums to pay for losses.

Because SFFAS 5 does not clearly require a disclosure of funds appropriated for insurance programs this information may not be provided in the financial statements,

However, SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, pages 17-18, paragraph 46 a and b does require the following disclosures:

DISCLOSURES AND OTHER ACCOMPANYING INFORMATION

46. Each reporting entity that provides goods or services to the public or another Government entity should disclose the following:

(a) differences in pricing policy from the full cost or market pricing guidance for exchange transactions with the public as set forth in OMB Circular No. A-25, User Charges (July 8, 1993), or in subsequent amendments in circulars that set forth pricing guidance;

(b) exchange transactions with the public in which prices are set by law or executive order and are not based on full cost or on market price;...

Staff Recommendation:

Staff recommends that the standard clearly state that insurance programs disclose the amount and percentage of appropriations required to cover losses for the current and past reporting periods, above and beyond premiums, and why. Insurance programs

²⁰ The term "premiums" is used here to mean premiums, fees paid, excise taxes, penalties and/or fines.

should disclose the pricing policies used to determine the general funding needed. Any material changes from the prior to current year should be explained.

Does the Board approve the disclosure for general funding?

C. BORROWING:

Staff Analysis:

Some insurance programs, if authorized, must borrow money from the Department of Treasury to fulfill their guarantee of financial compensation for losses. If an insurance program borrows funds, they will incur an interest expense. The need to borrow may indicate risk assumed for losses that are not able to be covered by premiums or other exchange revenue sources.

Staff Recommendation:

Staff recommends disclosing information about amounts borrowed in the current year from and/or refunded to the Treasury to cover losses, as well as the related interest expense. Insurance programs should include the amount borrowed the cost of interest to borrow, and the expected inability to pay borrowed amounts back and why. Any material changes from the prior to current year should be explained.

Does the Board approve the disclosure for borrowing?

D. ACQUIRED ASSETS AND NET RECOVERIES:

Staff Analysis:

Some insurance programs acquire assets after an adverse event and gain net recoveries from their disposal. Providing this information could help law makers and actuaries to assess whether this activity is a relevant percentage of revenue in covering losses. If not, will premiums need to be adjusted?

Some TF members said that this information was not currently in the financial statements, but they could provide it.

Staff Recommendations:

Staff recommends that insurance programs disclose what acquired assets were sold, for what amount, and any cost of disposal for a net recovery total. Staff also recommends that insurance programs provide information about what assets they acquired and why, as well as the valuation method. Any material changes from the prior to current year should be explained.

Does the Board approve the disclosure for acquired assets and net recoveries?

E. RECOVERIES

Staff Analysis:

Some insurance programs recover money from claims paid. Recoveries may be monies recouped or recovered from (1) another agency through an indemnification agreement, (2) a third party or commercial insurance company to repay all or part of a loss originally paid for by the program, and/or (3) adjustments to already paid claims where the claimant owes money back to the program for a loss that wasn't actually realized.

Staff Recommendations:

Staff recommends that insurance programs disclose information about the amount of money that was recovered on prior losses and why. Any material changes from the prior to current year should be explained.

Does the Board approve the disclosure for recoveries?

F. INVESTMENTS, RESERVE BALANCES, AND INTEREST INCOME:**Staff Analysis:**

Some insurance programs, if authorized, maintain investments and reserve balances to guarantee financial compensation for losses. Some insurance programs use the term “reserves” to indicate the liability that needs to be paid. The term “reserves” is used here to designate actual monies set aside for paying claims.

Staff asked the TF if it would be more useful to:

- (1) Take the existing investment note and clarify what programs the investments supported; or
- (2) Identify in the insurance note what amount of the investments are for annual losses/risk exposures.

Most TF members agreed that a program break out in the investment note by amount and percentage would provide the most clarity and consistency.

Staff Recommendation:

Staff recommends that insurance programs disclose the investment amount available to each insurance program, the amount available in an actual reserve balance for paying insurance claims, and any interest or other income. Programs should explain the investment policy and any limitations on the availability of investments for use in settling insurance claims. Information should include whether any investments were liquidated to pay benefits, and if so, how much and why. Any material changes from the prior to current year should be explained.

<p style="text-align: center;">Does the Board approve the disclosure for investments, reserves, and interest income?</p>

G. FUNDS TRANSFERRED TO TREASURY:

Some insurance programs transfer (return) funds to the Treasury general fund if they have more funds than are allowed by regulation for their programs.²¹ Funds returned to the fund balance with Treasury (FBWT) may provide useful information to readers of financial statements in relation to the risk assumed and financial solvency of insurance programs.

Here is an example of current information from the Federal Crop Insurance Corporation/Risk Management Agency's Financial Statements for Fiscal Years 2013 and 2012—Financial Statement Highlights and Analysis, page 15:

RMA returns the unobligated funds excluding the balances for Capital Stock, Paid-in Capital and Contingency Fund to the U.S Treasury. At the end of fiscal year 2013, for the **Insurance and S&E Funds**, RMA returned \$3.8 billion compared to the \$5.6 billion returned in 2012. Large returns to Treasury in 2013 are due to collections received in the final days of the fiscal year.

While FCIC has provided this information, it is not clear what portion of the \$3.8 billion (2013) and \$5.6 billion (2012) was for the crop insurance program

In relation to disclosing funds returned to the Treasury, the TF raised the following questions:

- One member preferred the term “transferred” rather than “returned.” The other task force members agreed.
- Task force members that do return funds to the Treasury each year disclose it in the FBWT note and Budgetary Resources statement.
- Some were concerned that disclosing this information might bring negative attention to the program, making it appear that premiums were set too high?

Staff Recommendation:

Staff recommends disclosing a schedule of funds transferred back to treasury with a total amount included for insurance programs and why. Any material changes from the prior to current year should be explained.

²¹ This is different than paying off borrowed amounts.

Does the Board approve the disclosure for funds transferred to Treasury?

H. ACQUISITION COSTS:

Staff Analysis

Some insurance programs use commercial companies to manage their insurance and they pay fees for these services. Most insurance programs include these costs in their administrative costs and do not break them out.

Staff discussed with the task force if we should disclose the “incremental costs to sell, underwrite, and initiate a new insurance contract.”²² And, are these costs part of the risks they assume?

Issues/Questions brought up by the task force:

- How do we distinguish salaries and expenses?
- How do we distinguish these costs from the costs for hiring another type of contractor?
- What are acquisition costs? Review of credit applications?
- Some programs roll acquisition costs into administrative costs.
- Most agreed that **it does not affect risk assumed** because it is the cost of doing business.

Staff Recommendation:

Due to the many issues and questions raised by the task force, staff does NOT recommend separately disclosing acquisition costs.

Does the Board agree that acquisition costs should NOT be disclosed separately, or does the Board want to see these costs broken out?

²² International Accounting Standards Committee (IASC), Issues Paper on Insurance, December 1999.

I. NEW LAWS/CHANGES IN ACTUARIAL ASSUMPTIONS:

Insurance programs monitor and adjust premiums in relation to new laws and actuarial assumptions used in setting prices.

Staff Recommendation

Staff recommends that insurance programs disclose the amount that premiums/changed during the year as a result of a change in the law or an actuarial adjustment and why. Any material changes from the prior to current year should be explained.

**Does the Board approve the disclosure for changes in
the law or actuarial assumptions?**

J. MAXIMUM EXPOSURE (Insurance in Force):**Staff Analysis:**

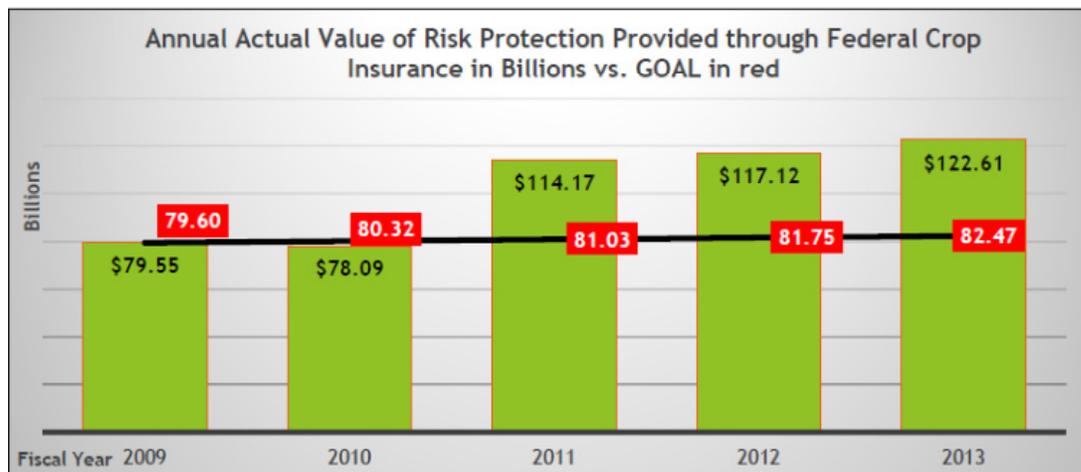
The maximum exposure for Insurance programs is determined by their total insurance in force, such as total contracts or amounts as stated by law. While programs will most likely never realize their maximum exposure as an actual loss [for example, all banks will not fail at the same time], the information should be disclosed in the financial statements.

Some programs already present insurance in force information. For example, FCIC presents the following information in its MD&A:

Overall Availability and Use of Federal Crop Insurance

RMA, under direction of the FCIC continues to make existing insurance products available, as well as expanding products to cover new crops and locations. Federal crop insurance program participants choose the level of coverage needed to manage risks for their particular situation. This program mitigates production and revenue losses from yield or price fluctuations and provides timely indemnity payments. The economic stability from crop insurance can provide producers with the collateral needed to obtain commercial loans.

RMA uses the annual actual value of risk protection provided to agricultural producers through FCIC insurance to measure the results of this effort. Performance is measured by a baseline goal of \$79.6 billion for 2009 and a target goal of \$83.9 billion for 2015.



Staff Recommendation:

Staff recommends that the full face value of insurance be disclosed for the current and prior year. If the face value is not known or estimable, an explanation of the uncertainty surrounding the amount should be provided along with information such as the number of insureds or other information regarding the scope of coverage. However, insurance programs should avoid any misleading inference that the maximum exposure is likely to be realized as a loss.²³ In addition, any material changes from the prior to current year should be explained.

Does the Board approve the disclosure for maximum exposure?

²³ SFFAS 5, page 19, paragraph 42: ...If information about remote contingencies or related to remote contingencies is included in general purpose federal financial reports (e.g., the total face amount of insurance and guarantees in force), it should be labeled in such a way to avoid the misleading inference that there is more than a remote chance of a loss of that amount.

IV. RISK ASSUMED

Staff Analysis:

Per SFFAS 5:

105. *Risk assumed information is important for all federal insurance and guarantee programs (except social insurance, life insurance and loan guarantee programs) and will be considered in the context of the Stewardship reporting.*

- *Risk assumed is generally measured by the:*
 - *present value of unpaid expected losses net of associated premiums,*
 - *based on the risk inherent in the insurance or guarantee coverage in force.²⁴*

The risk assumed standard was intended for agencies to disclose future oriented projections.

However in working with the TF, staff discovered that, while most insurance programs are providing historical data for up to the past ten years, most are not providing the information as requested in SFFAS 5 because they found that the requirement unclear.

For example most TF members:

- Thought “The present value of unpaid expected losses...” meant claims incurred but not reported (IBNR).
- Did not understand that this standard required them to project out losses since it was not clear what the time frame was for the future oriented information.
 - For example, does “associated premiums” mean in relation to the expected losses for adverse events that already occurred or premiums related to future events, say five or ten years in the future, that could occur and cause losses.
- Did not understand what, “...based on the risk assumed as a result of insurance or guarantee coverage,” means.

In determining the updates to risk assumed the task force would like the Board to consider the following:

²⁴ SFFAS 25, *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, page 6, paragraph 4: Information about Risk Assumed, required by SFFAS 5 and previously designated required supplementary stewardship information (RSSI), shall be designated required supplementary information (RSI).

- How would the estimated insurance losses for future-oriented information be different than what is required for the reporting of contingencies?
- In some insurance programs, such as the NFIP, estimating future losses based on natural disasters is highly uncertainty.
 - In some cases, would the Board consider a narrative disclosure appropriate without any quantitative information?
- In some insurance programs, it may be costly to develop future oriented projections that may not have immediate benefits to our decision makers.
 - How often would future oriented projections be required—on an as needed basis or maybe a periodic basis—rather than annually?

Staff requests that the Board review Table 2—Examples of Current Risk Assumed to determine if this is what they expected to see in relation to risk assumed.

TABLE #2—Examples of Current of Risk Assumed

Program Name & Summary	Risk Assumed				
<p>Federal Crop Insurance Corporation (FCIC) administered by the Risk Management Agency under Department of Agriculture (USDA)</p> <p>Provides optional annual crop insurance.</p>	<p>FCIC 2013 Risk Assumed RSI: ²⁵</p> <p>The 2013 projected loss ratio is 76 percent; therefore the risk assumed by FCIC would be equal to the total fiscal year estimated premium of \$11.892 billion multiplied by the loss ratio.</p> <p>This estimate includes multiple crop years and all lines of insurance.</p> <table data-bbox="657 1312 1266 1381"> <tr> <td>Estimate of Unpaid Losses</td> <td style="text-align: right;">\$4,946</td> </tr> <tr> <td>Risk Assumed</td> <td style="text-align: right;">\$9,038</td> </tr> </table> <p>The additional information was provided at the bottom of Note 6 for <i>Estimated Losses on Insurance Claims</i>:</p> <p>The current year indemnities incurred have decreased by \$11.3 billion due to more favorable weather conditions for the majority of the nation. The projected loss ratio is 76 percent for reinsurance year 2013 compared to the actual loss ratio of reinsurance year 2012, 157 percent.</p>	Estimate of Unpaid Losses	\$4,946	Risk Assumed	\$9,038
Estimate of Unpaid Losses	\$4,946				
Risk Assumed	\$9,038				

²⁵ FCIP/RMA financial statements, page 40.

Program Name & Summary	Risk Assumed
<p>National Flood Insurance Program (NFIP) managed by the Federal Emergency Management Agency (FEMA) under the Department of Homeland Security Agency (DHS).</p> <p>Provides optional annual flood insurance.</p> <p>Provides required annual flood insurance for those properties sitting on flood areas with mortgages provided by federal agencies.</p>	<p>NFIP 2013 Risk Assumed RSI:²⁶</p> <p>The Department has performed an analysis of the contingencies associated with the unearned premium reserve for the NFIP. This FY 2013 estimate represents losses that might occur in FY 2014 on policies that were in-force as of September 30, 2013. The calculation utilizes the current estimate of the long-term average loss year, which includes an estimate of a rare but catastrophic loss year. A large portion of the long-term average loss year is derived from those catastrophic years.</p> <p>The NFIP subsidizes rates for some classes of policyholders. These subsidized rates produce a premium less than the loss and loss adjustment expenses expected to be incurred during the long-term average loss year described above. Accordingly, there is a risk that paid flood losses during the remainder of the term for those subsidized policies will exceed the unearned premium liability.</p> <p>The underlying calculation estimates the amount of subsidy in the total rates, removes the expense load, and applies the results to the unearned premium reserve. A range is developed and applied to the results of the calculation of unpaid expected losses by \$550 to \$600 million. Actual flood losses are highly variable from year to year. For the majority of years, the unearned premium reserve for the NFIP is adequate to pay the losses and expenses associated with the unearned premium. In those years with catastrophic flooding, the reserve and the average across all years will be inadequate because of the subsidies in premium levels.</p>

²⁶ DHS financial statement, page 154.

Program Name & Summary	Risk Assumed
<p>National Credit Union Share Insurance Fund (NCUSIF) is managed by the National Credit Union Administration (NCUA).</p> <p>NCUA provides required annual insurance for federal credit unions and optional annual insurance for other than federal credit unions.</p>	<p>NFIP 2013 Risk Assumed RSI:²⁷</p> <p>Risk Assumed Information Insurance and Guarantee Program Liabilities As of December 31, 2013 and 2012, the aggregate outstanding insured shares of the insured credit unions were \$866.3 billion and \$839.4 billion, respectively.</p> <p>This amount represents the maximum potential future guarantee payments that the NCUSIF could be required to make under the share insurance program, without consideration of any possible recoveries.</p> <p>Additionally, pursuant to Section 217(b) (2) (A) of the FCU Act, to the extent that the required funding for the guarantee obligations exceeds the funds available in the TCCUSF²⁸, the NCUSIF will provide the necessary funds. These amounts bear no direct relationship to the NCUSIF's anticipated losses.</p> <p>... NCUA identifies credit unions at risk of failure through the supervisory and examination process, and estimates losses based upon economic trends and credit unions' financial condition and operations. NCUA also evaluates overall economic trends and monitors potential credit union system-wide risk factors, such as increasing levels of consumer debt, bankruptcies, and delinquencies. NCUA applies the CAMEL rating system to assess a credit union's financial condition and operations. The CAMEL rating system is a tool to measure risk and allocate resources for supervisory purposes.</p>

²⁷ NCUA, financial statement, page 99.

²⁸ The NCUA Board administers the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) that was established in 2009 to accrue the losses of corporate credit unions during the credit crisis and to recover such losses over time. All five funds report under separate financial statements.

Program Name & Summary	Risk Assumed
<p>Overseas Protection Insurance Corporation (OPIC)</p> <p>OPIC insures investments for up to 20 years; this is optional insurance and not required by any regulation or law.</p>	<p>NA re FASB reporter</p>

Staff Recommendation:

Staff recommends that risk assumed be updated with the following:

1. For the **current** risk assumed insurance programs should include:
 - a. The estimated amount for the incurred but not reported (IBNR) claims for losses as a result of adverse events (other than a defaulted debt obligation) for the past and current reporting periods.
 - b. The IBNR should be netted against of the exchange revenue at year end.
 - i. Exchange revenue should include premiums, fees, excise taxes, fines and/or penalties earned but not collected at year end
 - ii. Other estimated revenue²⁹ other than borrowing or appropriations that the program uses to offset losses, such as:
 - Interest received from investments
 - Net Recoveries³⁰ from salvaged or acquired assets
 - Recoupments from insurance adjustments
 - Reimbursements (indemnities)
 - Other income not to include borrowings or appropriations
 - c. The insurance program should explain how they arrived at these numbers and any uncertainty that exists.
 - d. Risk assumed should disclose whether the programs can cover losses with revenue other than borrowing and appropriations, and if not, why not.
 - i. The narrative should include why the insurance program needed to:

²⁹ Details on the related proposed disclosures can be found in the *Disclosure for Insurance Programs* section below.

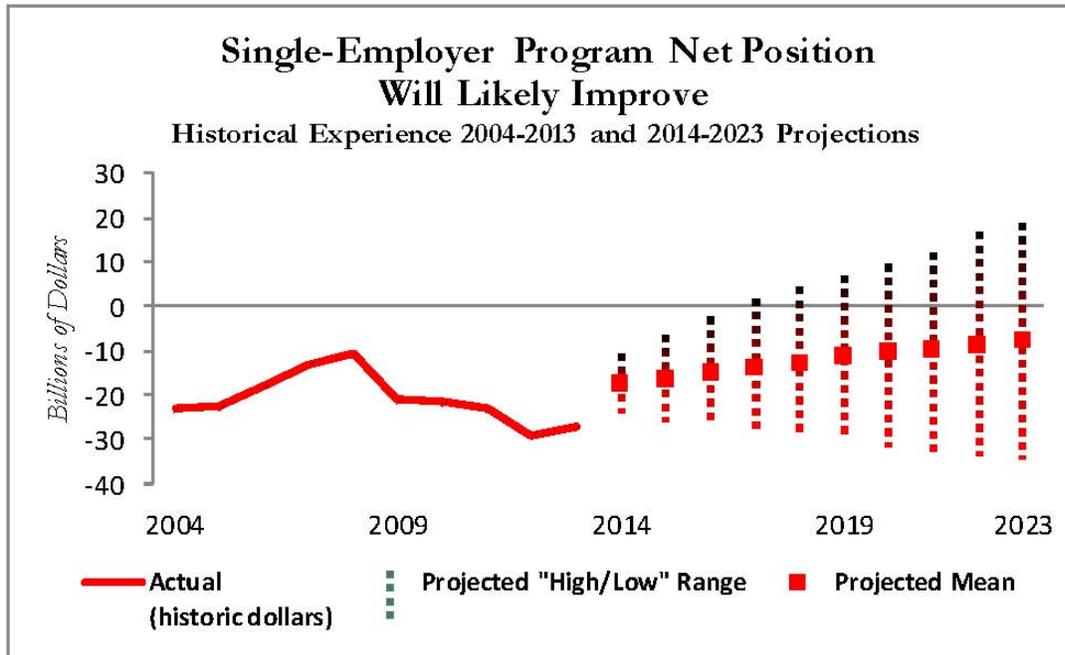
³⁰ Recoveries net the cost of disposal.

- Borrow funds and the interest expense to cover the current risk assumed, and/or
 - Requested appropriations/subsidies to cover losses above and beyond exchange revenue.³¹
2. For the **projected risk assumed** (future oriented information) insurance programs should include:
- a. The past 10 year trend based on the current risk assumed schedule.
 - b. An average of the past 10 years.
 - c. A 5, 10, and 20 year projection at net present value based on the average in “b,” discounted at the Treasury rate as of the statement date.

EXAMPLES from PBGC’s FY 13 Projection Report:

Single Employer Program—Pages 28-29: The chart below—**Figure 10 - Single-Employer Program Net Position Will Likely Improve**—shows PBGC’s actual net financial position from fiscal years 2004 to 2013, and the present value of the range of projections for the next 10 years. The fiscal 2013 single-employer program financial statement assets of \$83.2 billion and liabilities of \$110.6 billion result in a net deficit of \$27.4 billion. The mean projection for each future year appears as a large square. The dotted vertical bars for each future year show the range of results between the fifteenth and eighty-fifth percentiles for that future year. Since each year’s position affects the following year’s position, the uncertainty of our financial position grows every year through fiscal 2023, as reflected in the progressively longer vertical bars:

³¹ If detailed information is disclosed for borrowing or appropriations (related to the insurance program) elsewhere in the financial statements, the program should provide a reference to that disclosure in risk assumed. See the section on additional disclosures for more information on borrowing and subsidies.



Because PBGC's obligations are paid out over the remaining lifetimes of people receiving pensions, a deficit means we will have less money than we will need, over a period of decades. Without changes, at some point there is a risk that a program in a deficit position will run out of money (i.e., it will have paid out all its assets and still owe benefits). That point still appears to be many years in the future for PBGC's single-employer program. Out of 5,000 simulations, none project that PBGC's single-employer program will run out of money within the next 10 years. A majority of simulations project decreases in PBGC's deficit. The primary factors responsible for the improvements in the projected position are:

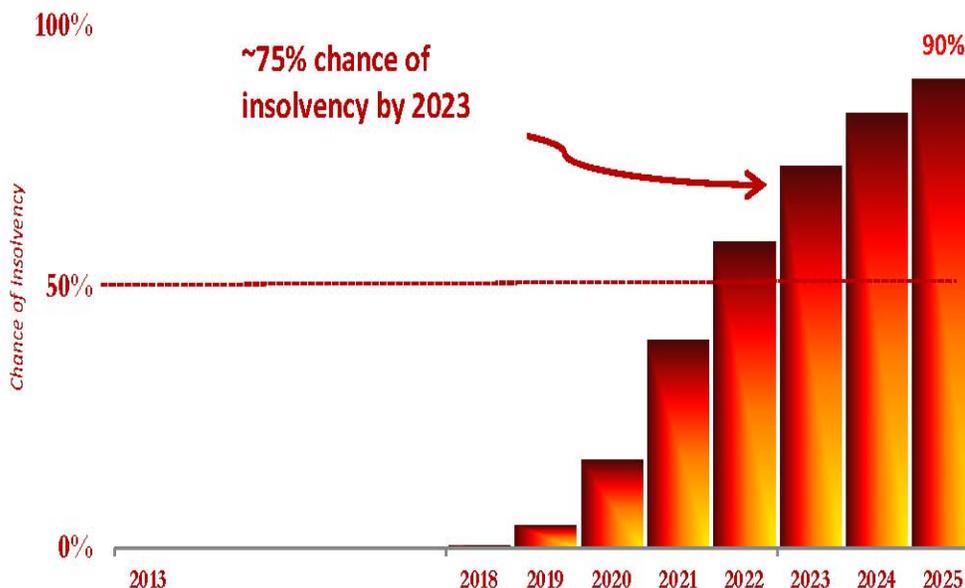
- (1) Changes in financial market conditions since the fiscal 2012 projections, including strong stock market returns and increases in interest rates during 2013, and
- (2) Increases to single-employer premium rates enacted as part of the Bipartisan Budget Act of 2013 (Pub. L. 113-67) (Budget Act).

Multiemployer Program—pages 13 – 14: The chart below—Figure 3 – Multiemployer Program on Path to Be Insolvent—shows the likelihood that, by a particular calendar year, PBGC’s multiemployer program will exhaust its assets. The distribution of that timing is sensitive to a plan’s initial position and to changes in behavioral responses to a plan’s financial status. Recognizing these limitations, we present these probabilities as a general measure of the very real risk to PBGC’s multiemployer program and the protections that the program provides.

Under this year’s projections, it is more likely than not that the program will deplete its assets by the end of calendar year 2022. At the end of the 10-year projection period ending in 2023, its assets are depleted in approximately 75 percent of the scenarios (73.2 percent). Program risk continues to rise over time, reaching 90 percent by 2025 and 99 percent by 2033.

Figure 3 – Multiemployer Program on Path to Be Insolvent

PBGC's Multiemployer Program on Path to Be Insolvent



-
- d. The insurance program should explain how they arrived at these numbers and any uncertainty that exists.

Staff believes a comprehensive discussion of risk assumed includes past experience, relevant trends, and projections.

While most of the current risk assumed information described above would be available in the financial statements and notes if staff proposals are adopted, an integrated discussion of risk assumed is needed in RSI to ensure context for the projections.

Does the Board approve the updates to risk assumed?

QUESTIONS FOR THE BOARD:

- I. Does the Board approve the revised definition, criteria, and exclusions?
- II. Is this what the Board expected to see for the insurance liability recognition?

If not, what updates would the Board like to include in the standards to clarify what insurance programs should recognize for their insurance liabilities?
- III. Does the Board approve the following candidates for disclosure:
 - A. Exchange Revenue
 - B. General Funding
 - C. Borrowing
 - D. Acquired assets and net recoveries
 - E. Recoveries
 - F. Investments, reserves balances, and interest income
 - G. Funds transferred to Treasury
 - H. Acquisition costs
 - I. New laws/changes in actuarial assumptions
 - J. Maximum exposure
- IV. Does the Board approve the updates to risk assumed?

NEXT STEPS:

For the next steps, staff would like to:

1. Review current standards to determine what updates are required in relation to the Board's approvals.
2. Begin to develop the exposure draft.

<p>Does the Board agree with the Next Steps?</p>

TAB I – Appendices

(Optional Reading for Reference)

Risk Assumed: Insurance and Non-Loan Guarantees

#	Appendix	Page
1	Risk Assumed - Project Decision History and Milestones	2
2	List to Date of Identified Insurance Programs	4
3	List to Date of Programs Named as “Insurance” but NOT Identified as Insurance Programs	8
4	FASB decisions reached at July 16, 2014, meeting	9
5	GAO-05-265R Catalogue of Federal Insurance Activities	10

TAB I

– Appendix 1 –

Risk Assumed

Project Decision History and Milestones

April 2014

The Board revisited the definition and reviewed the similarities and differences with loan guarantee programs under the Federal Credit Reform Act and asked staff to address the following questions/concerns:

- 1) Distinguish insurance/non-loan guarantee programs from loan guarantee programs in the definition.
- 2) What value does the term “non-loan guarantees” add? Can it be removed from the definition?
- 3) Clarify the exclusion of disaster relief programs in relation to the type of compensation provided.

March 2014:

The Board generally agreed with the insurance/non-loan guarantee definition, upon updates from Mr. Dacey, as well as the characteristics and exclusions presented in the staff memo with the understanding that as staff develops the standard and new information is discovered changes are possible and will be finalized within the standard.

Staff worked with Mr. Dacey to update some of his concerns with the definition.

The following is the revised definition:

A federal insurance/non-loan guarantee program is a program authorized by law to accept all or part of the risk by financially compensating the designated population for losses incurred as a result of an adverse event as defined by the:

- A. law or otherwise enforceable by law,
- B. related regulations,

- C. agency policies, or
- D. explicit arrangements or agreements

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 I
– Appendix 2 –

**List to Date of Identified Insurance
Programs**

List to Date of Identified Insurance Programs

[Sources may include 2013+ Budget Appendix and/or Program Annual Reports, GAO-05-265R, and/or Websites]

#	Agency	Insurance Program	Description
1	DOD	War Risk (Marine) Insurance	Providing non-premium war time risk insurance for DOD, which indemnifies FAA by reimbursing them for any loss paid by FAA.
2	FAA/DOD	War Risk (Airline) Insurance	Providing premium third party liability war time risk insurance for commercial airlines. Covers: hull losses; death, injury or property loss to passengers, or crew resulting from an act of war.
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. Excise taxes and interest on investments
9	Division of Coal Mine Workers' Compensation— Labor, HHS, Treasury,	Black Lung Disability Trust Fund	pays workers' compensation and medical benefits to former miners who become totally disabled with pneumoconiosis (a respiratory condition resulting from coal dust exposure that is commonly known as black lung disease). Revenue: Excise taxes on mined coal and borrowings from the U.S. Treasury
10	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.

List to Date of Identified Insurance Programs

[Sources may include 2013+ Budget Appendix and/or Program Annual Reports, GAO-05-265R, and/or Websites]

#	Agency	Insurance Program	Description
11	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.
12	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.
13	OPM	Federal Employees Life Insurance (FEGLI)	A life insurance program for Federal and Postal employees and annuitants,
14	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.
15	National Pollution Funds Center, U.S. Coast Guard, U.S. Department of Homeland Security	Oil Spill Liability Trust Fund	The insurance pays valid claims from parties damaged by oil spills in navigable waters and from onshore production and storage facilities when a responsible party does not pay. The damage must have occurred after August 17, 1990. Costs and damages covered by the fund include uncompensated oil removal costs, damages to natural resources, damages to real or personal property, loss of subsistence, loss of government revenues, and increased costs of public services. Any individual, corporation, or state or local government can present a claim for uncompensated removal costs or damages. Revenue: Fines and penalties, cost recoveries, and interest on investments
16	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.
17	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.
18	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

List to Date of Identified Insurance Programs

[Sources may include 2013+ Budget Appendix and/or Program Annual Reports, GAO-05-265R, and/or Websites]

#	Agency	Insurance Program	Description
19	U.S. Postal Service	Postal Service Fund (Domestic and Foreign Mail Indemnity Claim Fund)	The fund supports the activities of the U.S. Postal Service Domestic and Foreign Mail Indemnity Program, under which postal customers can purchase up to \$5,000 of insurance against loss or damage to mailed items. Revenue: Fees collected from customers
20	VA	National Service Life Insurance Fund	For World War II era Veterans
21	VA	Service-disabled Veterans Insurance Fund (SDVIF)	For Veterans separated on or after Apr. 25, 1951 who receive a service-connected disability rating
22	VA	Service members' Group Life Insurance Fund (SGLI)	For members of the Uniformed Services on active duty and Ready reservists
23	VA	United States Government Life Insurance (USGLI)	For Veterans who served in World War I and through October 8, 1940
24	VA	Veterans' Special Life Insurance (VSLI)	For Korean War era Veterans separated from service without a service-connected disability
25	VA	Veterans' Reopened Life Insurance (VRI)	For World War II and Korean War Veterans with service-connected or serious non-service-connected
26	VA	Veterans' Mortgage Life Insurance (VMLI)	For severely disabled Veterans who have received specially adapted housing grants.
27	VA	Veterans' Group Life Insurance (VGLI)	For Veterans and separated or retired Reservists who had SGLI while in service
28	VA	Family Service members' Group Life Insurance (FSGLI)	For spouses and children of members insured under the SGLI program.
29	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

TAB I

– Appendix 3 –

List to Date of Programs Named as “Insurance” but NOT Identified as Insurance Programs

Program Name (from 2014 Budget Appendix)	Agency
State Unemployment <u>Insurance</u> and Employment Service Operations	DOL
State Unemployment <u>Insurance</u> and Employment Service Operations	DOL LABOR
Payment Where Small Business Health <u>Insurance</u> Tax Credit Exceeds Liability for Tax	TREASURY-IRS
Administrative Expenses, Railroad Unemployment <u>Insurance</u> Extended Benefit Payments	Railroad Retirement Board
Railroad Unemployment <u>Insurance</u> Extended Benefit Payments, Recovery Act	Railroad Retirement Board
Federal Disability <u>Insurance</u> Trust Fund	SSA
Federal Old-age and Survivors <u>Insurance</u> Trust Fund	SSA
Administrative Expenses, Children's Health <u>Insurance</u> Program	SSA
Federal Old-age and Survivors <u>Insurance</u> Trust Fund	SSA
Health <u>Insurance</u> Tax Credit Administration	TREASURY
Children's Health <u>Insurance</u> Fund (CHIP)	HHS
HHS: Early Retiree Reinsurance Program	HHS
Federal Hospital <u>Insurance</u> Trust Fund	HHS
Federal Supplementary Medical <u>Insurance</u> Trust Fund	HHS
Affordable <u>Insurance</u> Exchange Grants	HHS
Health <u>Insurance</u> Reform Implementation Fund	HHS
Insurance Trust Fund	HHS
Pre-Existing Condition <u>Insurance</u> Plan Program	HHS
Affordable <u>Insurance</u> Exchange Grants	HHS/CMM

TAB I

– Appendix 4 –

FASB DECISIONS REACHED AT July 16, 2014, MEETING

Disclosures about Short-Duration Contracts

Incurred and Paid Claims Development Tables

The Board affirmed its previous decision to require insurance entities that issue short-duration insurance contracts to provide annual disclosures about claims liabilities (specifically, information about claims development, claims frequency, and claims duration) going back to the earliest period for which uncertainty arose about the amount and timing of claims payments, but need not exceed 10 years. The Board clarified that insurance entities would not be precluded from presenting more than 10 years of information about claims liabilities and that for certain aggregated information about claims with very short durations (such as health insurance claims), entities could provide information for fewer than 10 years.

The Board decided to also require disclosure of net outstanding claims from years prior to those presented in the claims development tables, aggregated or disaggregated in the same way that insurance entities aggregate or disaggregate disclosures about claims liabilities.

Qualitative Information about the Liability for Unpaid Claims and Claim Adjustment Expense

The Board decided to require entities to disclose in annual financial statements information about material changes in judgments made in calculating the liability for unpaid claims and claim adjustment expenses, including the reasons for the changes and the effects on the financial statements.

Health Insurance Claims

The Board decided that reporting entities should provide the same disclosures for all types of short-duration contracts, except that disclosures about health insurance claims need not include the percentage payout of claims by accident year.

TAB I
– Appendix 5 –

**GAO-05-256R Catalogue of
Federal Insurance Activities**



United States Government Accountability Office
Washington, DC 20548

March 4, 2005

The Honorable Michael G. Oxley
Chairman
Committee on Financial Services
House of Representatives

Subject: *Catalogue of Federal Insurance Activities*

Dear Mr. Chairman:

The federal government assumes insurance risk for a wide range of activities that are funded through numerous federal budget accounts and administered by a variety of federal organizations.¹ For some activities, such as those funded through the National Flood Insurance account, the federal government assumes the entire insurance risk. The federal government also assumes part of the risk for insurance activities that are administered by state and local governments—for example, those funded through the Unemployment Trust Fund or that are partly underwritten by private insurers, such as those funded through the Special Workers' Compensation Expenses account. These insurance risks, whether fully or partially assumed by the federal government, are in lines of insurance that private insurers also recognize: health, life, disability, and property/casualty insurance.

The federal government has generally assumed insurance risks for at least two reasons. First, the government may step in when insurance is not widely available because private insurers cannot collectively absorb or affordably price the insurance risk. For example, when private insurers were unable to offer affordable terrorism insurance in the aftermath of September 11, 2001, the federal government created a terrorism insurance program. Second, the federal government has self-insured—that is, elected to pay for losses itself when it has determined that doing so is preferable to purchasing insurance in the private market. For example, the government has self-insured for risks associated with legal settlements

¹Insurance risk, as used in this report, is the exposure to potential net financial loss resulting from being required to make payments under the terms of an insurance program or activity.

and awards to resolve property damage claims, employment litigation, and contract disputes, even though recognized lines of private insurance could cover these risks.

Federal insurance activities can be difficult to identify in part because no generally accepted definition of federal insurance exists. They may also be difficult to identify because they may be funded through budget accounts with names and primary activities that are not directly related to federal insurance. For example, the Health Resources Services Administration of the Department of Health and Human Services, has a Medical Malpractice Claims Fund that provides medical liability insurance to physicians at federal health centers. This fund is part of the administration's much larger Health Resources and Services account, whose primary mission is to provide various non-insurance health services to low-income individuals. The malpractice claim fund's fiscal year 2003 outlays of \$23 million were a small part of the overall account's outlays of \$6.1 billion. Finally, federal insurance activities can be difficult to identify because their costs may be integrated in the account that funds overall agency operations.

As part of the committee's in-depth review of insurance regulation, you asked us for information on federal insurance activities. On the basis of your request and subsequent discussions with committee staff, this report (1) provides criteria for identifying federal insurance activities and (2) describes federal insurance activities that meet these criteria.

We used two criteria to identify federal insurance activities. First, the federal government must accept the risk of financial loss in providing protection against specific types of losses, events, or conditions whose timing, magnitude, or duration, are uncertain or unknown.² Second, by accepting this insurance risk, the federal government must be obligated to pay compensation or provide benefits if the losses, events, or conditions occur. In addition, we verified that the activities we catalogued as federal insurance were also recognized lines of insurance in the private sector. However, we found that federal insurance differed from private sector insurance in a number of ways:

²The government's protection and obligation may extend to past events having potential adverse effects that are not immediately known. For example, coal miners exposed to coal dust and adverse mining conditions, whether before or after the creation of the Black Lung Disability program, are covered if they eventually develop black lung disease.

-
- Those covered by federal insurance need not pay premiums;³
 - For many federal insurance activities, such as those serving a nationwide population, the federal government need not identify a risk pool for pricing its risk because the pool of insureds will be sufficiently large and diverse;⁴
 - The insureds need not be policyholders or enrolled in the insurance activity before the loss, event, or condition occurs for which compensation or benefits are available;
 - A contract need not exist between the insured or a group of insureds and the insurer;
 - Financial resources need not be set aside or specifically designated for paying compensation or benefits;
 - The federal government may be the backup or secondary source rather than the initial source of compensation or benefit payments; and
 - The federal government is assumed to have an insurable interest through the legislation authorizing the insurance activity.

Some of the federal insurance activities that we have identified are directly comparable to private sector insurance, and a consensus will likely exist that they constitute federal insurance. Other activities that we categorize as insurance are sometimes identified by others as benefit programs or social insurance, because they serve groups with particular risks that are

³Insurance premiums are collected to cover the insurer's cost of providing insurance coverage. The premium is calculated by dividing the estimated potential loss associated with the activity during the period of coverage by the estimated size of the insured population, or risk pool. Therefore, the risk of loss to the insurer when a premium is charged is the risk of under-pricing the insurance premium. However, when a premium is not charged—as in the case of some federal insurance—the risk of loss is the entire potential loss associated with the insured activity.

⁴Unlike the federal government, private insurers must determine whether the pool of potential policyholders is sufficiently large and diverse for pricing risk when deciding whether to offer insurance in a market. But unlike private insurers, the federal government typically considers not only financial profitability, but also the benefit to the public when deciding whether to offer federal insurance. Since the government has determined that providing insurance represents a “social good” the decision not to charge a full premium to insureds (or indeed any premium in some cases) can be viewed as a decision to spread the risk of loss across the entire population through the tax revenue.

uninsurable or underinsured in the private insurance market. For example, one such activity is the State Children’s Health Insurance Fund, which provides health insurance for children in low-income families. We have included this activity in our catalogue because it meets our criteria for federal insurance, and health insurance is a recognized line of insurance in the private market. In addition, we have included federal defined benefit retirement plans in our catalogue of federal insurance activities because they provide beneficiaries or their survivors with guaranteed income (or income protection) for life. These plans expose the government to insurance risk and the benefits are equivalent to private annuities, a commonly recognized insurance product. Finally, we include in enclosure IV a number of activities that we label “self-insurance,” where the government assumes the risk of loss that arises from some of its own activities. For example, claims against an agency for damage caused to property or vehicles incident to the agency’s mission, or exposure to litigation costs arising from employment discrimination or contract disputes. Because the timing, magnitude, or duration of these losses are uncertain, and because in the private sector, it would be possible to purchase insurance against them, we have included them in a separate listing.

Examining two types of activities that did not meet our criteria for federal insurance helps to further clarify our criteria for federal insurance. First, activities under the Employees Life Insurance Fund and the Federal Long Term Care Insurance Program do not meet our criteria for federal insurance because the federal government does not assume the insurance risk itself. Rather, the government facilitates the payment of premiums to private insurers that assume the risk. Second, disaster relief programs appear to serve an insurance-like function in that the federal government may provide assistance to communities and individuals to compensate them for losses following natural disasters such as hurricanes and tornados. However, because the federal government can elect whether to provide assistance, disaster relief does not qualify as federal insurance. Specifically, the governor of a state in which a disaster has occurred must ask the President to declare an area a disaster site, and the government provides assistance only if the President issues a formal declaration.

We developed our catalogue of federal insurance activities through a review of the federal budget and other sources. Other criteria and search methods could yield federal activities that may not be in our catalogue.

For example, financial protection against liability for injury or damage caused by nuclear energy hazards provided by Section 4 of the Atomic Energy Damages Act (also known as the Price-Anderson Act)⁵ and American Nuclear Insurers is not part of our catalogue. Even though the federal government assumes part of the risk of potentially paying for claims in the event of nuclear injury or damage, Price-Anderson insurance activities are not part of our catalog because claims stipulated by the act have not represented a cost to the federal government and therefore were not identified in the course of our budget search for federal insurance activities. The activities that meet our criteria are described in enclosures II–V. The information provided for each activity varies depending on whether the activity is insurance that covers entities other than the federal government (enclosure II), the activity can be categorized as federal deposit insurance, federal pension insurance, or a federal loan guarantee (enclosure III); or the activity is federal self-insurance (enclosure IV). All quantitative data are for fiscal year 2003, unless otherwise indicated.

More specifically, enclosure I contains a complete description of our scope and methodology. Enclosure II describes 71 activities that provide federal insurance to entities other than the federal government. We provide the most comprehensive information for these activities because of your particular interest in understanding the scope of the federal government’s efforts to provide insurance to nonfederal entities and a general lack of familiarity with many of the activities the enclosure describes. Enclosure III lists 64 federal deposit insurance, pension guaranty insurance, and loan guarantee activities that also provide federal insurance to entities other than the federal government. We provide descriptions of each of these three insurance categories rather than of the individual activities because the activities in each category tend to be similar and because these activities are generally better known. Enclosure IV describes the 22 federal self-insurance activities we identified that had outlays in fiscal year 2003. Because of limitations in our methodology, we likely did not identify all federal self-insurance activities (see enclosure I). We were also limited in our efforts to find information on these activities because, as we have noted, the federal budget does not generally report self-insurance activities separately from those related to an agency’s overall mission. Finally, to provide a perspective on the diversity of the 157 insurance activities that we identified and the 30 federal organizations that administer them, enclosure V lists all the activities presented in the

⁵Codified at 42 U.S.C. § 2210.

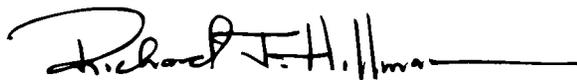
report, alphabetically by the administering organization. Enclosure VI lists key contributors to this correspondence.

It should be noted that, although we relied extensively on federal budgetary information published by the Office of Management and Budget (OMB), our project was not an audit of the federal budget process nor of OMB but simply a search for and compilation of information on federal insurance activities.

We did our work between January 2004 and March 2005, in Chicago, Ill., and Washington, D.C. in accordance with generally accepted government auditing standards. Enclosure I contains a complete description of our scope and methodology.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the date of this letter. At that time we will send copies of this report to the Honorable Barney Frank, Ranking Member, Committee on Financial Services and other interested parties. We will also make copies available to others on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8678 or hillmanr@gao.gov. Key contributors to this report are listed in enclosure VI.



Richard J. Hillman
Director, Financial Markets and
Community Investment

Enclosure I: Scope and Methodology

To provide criteria for identifying federal insurance activities, we reviewed the Federal Accounting Standards Advisory Board's (FASAB) *Statement of Federal Financial Accounting Standards Number 5*, "Accounting for Liabilities of the Federal Government." The statement discusses characteristics of federal insurance, including risk assumption, loss protection, and compensation payment that became central elements of our criteria for federal insurance. We also reviewed the National Association of Insurance Commissioners' (NAIC) *Annual Financial Statement Instructions* to better understand the nature of private sector insurance and how it might be similar to or different from federal insurance.¹ In addition, we reviewed the chapter on credit and insurance in *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2005* to determine what guidance the Office of Management and Budget (OMB) offered for developing our criteria and to identify any features the federal insurance activities shared. Further, we reviewed the definition of insurance found in section 302 of the Gramm-Leach-Bliley Act² to determine whether that definition could help us identify federal insurance activities. In addition, we consulted with FASAB, NAIC, and OMB representatives and insurance experts at the U.S. Department of the Treasury, American Academy of Actuaries, and Wharton School of Business to learn which criteria they would use in identifying federal insurance and to obtain their comments on our criteria. In our meetings with OMB officials, we also attempted to clarify how OMB defines federal insurance for budgetary purposes.

To describe federal insurance activities that meet the criteria we developed, we first attempted to identify the universe of such activity. We began by asking FASAB, NAIC, and OMB representatives to share with us any work they had done on federal insurance. They told us that their organizations had not attempted to compile a complete list of federal insurance accounts or activities. However, as part of our discussions, OMB officials identified some budget accounts with activities they considered to be federal insurance, and we included these activities in our catalogue. In addition, we reviewed a 1997 GAO report that, as part of exploring federal budgeting issues, also described a number of activities that met our criteria for federal insurance and are included in our catalogue. Next, we searched the *Appendix, Budget of the United States Government, Fiscal*

¹The *Annual Financial Statement Instructions* provide insurance companies guidance for preparing the statements that they submit to NAIC each year.

²Codified at 15 U.S.C. § 6712(c).

Year 2005, using key words, such as “annuity,” “benefits,” “catastrophic,” “claims,” “compensation,” “contingency,” “damages,” “disability,” “disaster,” “emergency,” “indemnity,” “insurance,” “pension,” “reinsurance,” “reserve,” and “retirement.” Searching the *Appendix* allowed us to develop a comprehensive list of federal insurance because we could identify accounts that had small amounts of insurance activity. For example, we were able to identify the U.S. Department of Defense military personnel accounts that fund death benefits for military personnel, among other things.

Once we had identified an account through our word search, we applied our criteria for federal insurance to descriptions of the activities funded through the account. Our key word search ultimately allowed us to identify two kinds of accounts. First, we identified accounts through which the government provides insurance to entities other than the federal government—for example, crop insurance for farmers and flood insurance for communities. Second, we identified accounts with self-insurance outlays in fiscal year 2003 for various kinds of damages, litigation, and claims, such as court judgments and torts arising out of vehicle accidents and employment discrimination.

To test the reliability of our criteria and better support our decision to include an activity in our catalogue of federal insurance, we verified that the insurance matched one or more lines of private sector insurance that NAIC had identified. According to NAIC, approximately 95 percent of private sector insurance companies use these descriptions in preparing the annual financial statements they submit to the association. Also, to better assure that we were consistently applying our criteria, we compared our treatment of activities that had similar characteristics. For example, we compared the Non-insured Crop Disaster Assistance Program activities found in the Farm Service Agency’s Salaries and Expenses account (enclosure II, table 63) with insurance activity found in the Federal Crop Insurance Corporation Fund (enclosure II, table 64) and observed that both protect farmers against catastrophic loss of crops due to unavoidable natural events. Based on our criteria, we identified both of these activities as federal insurance.

Our catalogue of insurance activities is based solely on the criteria we developed for this report: other criteria might yield a list that differs from ours in both number and composition of activities. Also, alternative methods for searching the budget or other sources might yield insurance activities that are not included in this report. For example, we identified numerous budget accounts with federal self-insurance activity for fiscal

year 2003 within a category called “insurance claims and indemnities.” However, using a key word search, we could not identify all self-insurance activities because not all budget accounts with self-insurance activities separately break out insurance claims and indemnities for fiscal year 2003.

To describe the federal insurance activities in the accounts we identified and in the deposit insurance, pension insurance, and loan guarantee categories, we reviewed budget documents, agency annual reports, agency Websites, and/or information provided by agency officials. Because 2003 was the latest year for which the *Budget of the United States Government, Fiscal Year 2005* provided actual data rather than estimates, the quantitative data are for fiscal year 2003, unless otherwise indicated. As a quality control, we provided a draft of each of the 95 tables in enclosures II and IV to officials in the relevant agencies and received a total of 82 responses. Based on the comments received, we revised the tables as appropriate. We used budget data that the agency provided us when that data differed from the federal budget data and when doing so provided more precise and/or accurate information. Data from the agencies differed from data in the federal budget in some instances when the federal insurance activity was only a part of the overall account activity and thus was not accounted for separately in the budget. Despite our best efforts, the amount and quality of information on individual accounts may vary.

Except for certain federal loan guarantees (discussed below), the activities are identified by the name of the budget account that funds them. Enclosure II describes activities that provide federal insurance to entities other than the federal government. Some overlap exists among categories found in the enclosure because several of the retirement annuity activities are funded from accounts that also contain disability, health, and life insurance. Although some of these activities provide retirement, health, and disability benefits for federal employees, their beneficiaries, and survivors we included the activities here because they benefit federal employees and others whom we defined as separate from the federal government. In contrast, we cataloged activities involving legal settlements that agencies pay to other entities as self-insurance (enclosure IV) because the agencies make these payments to protect their own financial self-interests. For example, if an agency pays another entity in settlement for a claim from an accident involving a federal employee driving an agency vehicle, the employee would be an agency representative, and the payment would comprise a federal self-insurance expenditure.

Enclosure III lists federal deposit insurance, pension guaranty insurance, and loan guarantee activities that also provide federal insurance to nonfederal entities. For a perspective on the relative sizes and activity levels of the various accounts, we provided outlays, obligated balances, and unobligated balances for federal deposit insurance and federal pension guaranty insurance. For guaranteed loan activities, we provided data on the amount of federal loan guarantees outstanding. Enclosure IV describes the activities that we identified with expenditures for federal self-insurance in fiscal year 2003—that is, federal agency costs for damages to government property and losses associated with litigation and claims, including compensation for employment discrimination. Less information is available on the activities in this enclosure than on those in enclosure II because the federal budget does not generally report or fund self-insurance activities separately from those related to an agency's overall mission. Because of a lack of detailed budget information, the quantitative data were generally provided by agency officials. For example, outlays differ from the total outlays (gross) reported in enclosure II, as the data in enclosure II are directly from the budget. Enclosure V provides a complete list of insurance activities identified for this report, listed by the responsible agency.

We have included the financial data described above, particularly that on total outlays by activity, as well as obligated and unobligated balances, in order to provide a general perspective on the level of financial activity and resources of each federal insurance activity that we catalogued. However, the data provide a perspective for one point in time and therefore do not measure the long term federal costs or budgetary impact of these insurance activities. Also the data do not measure the exposure to insurance risk that the federal government may face in these activities. Widely agreed upon measures of federal insurance risks are not available or calculable in most instances.

We did our work in accordance with generally accepted government auditing standards between January 2004 and March 2005. We performed our work in Chicago, Ill. and Washington, D.C.

Enclosure II: Description of Accounts Funding Federal Insurance Provided to Entities Other Than the Federal Government

This enclosure describes 71 activities that provide federal insurance to entities other than the federal government, identified by the name of the budget account that funds them. For activities that are not primarily insurance, or that are found in an account whose title does not suggest the presence of insurance, we have provided additional information in parentheses after the account name. We collected the information presented in this enclosure from budget documents, agency officials, annual reports, agency Web sites, or some combination of these sources. Because 2003 is the latest year for which the *Budget of the United States Government, Fiscal Year 2005* provides actual data rather than estimates, the quantitative data are for fiscal year 2003, unless otherwise indicated.

For each activity, we have provided a table with the following information: (1) administering organization, (2) insurance description, (3) funding source(s), (4) total outlays (gross), (5) obligated balance, (6) unobligated balance, and (7) number of federal full-time equivalent (FTE) employees. Total outlays (gross) are total fiscal year expenditures for the account's insurance activity. Obligated balances show the financial resources of the account at the end of the fiscal year that are committed to specific purposes related to the insurance activity in the coming fiscal year. Unobligated balances show the financial resources of the account at fiscal year-end that are not yet designated for specific purposes. The number of FTE employees is a measure of the size of the federal workforce devoted to the account's insurance activity. Unless otherwise indicated, FTE data are reported for the principle federal organization administering the insurance activity and not other public or private sector organizations that may also devote resources to the activity. We are providing information on total outlays, obligated balances and unobligated balances in order to give a perspective on the budgetary impact of each activity for the year that we report. These figures do not reflect the total cost of these activities to the federal government over time. Moreover, they are not intended to describe the exposure that the federal government may have to the financial risks associated with these activities, either individually or in the aggregate, as such information is largely unavailable. Finally, although administrative expenses for some insurance activities were funded by separate accounts, we did not list those accounts separately but included the administrative expenses data along with the other data for the particular activity in one table.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

**Disability, Workers, and
Unemployment
Compensation
(Tables 1–10)**

Table 1: Black Lung Disability Trust Fund

Administering organization	Division of Coal Mine Workers' Compensation, Office of Workers' Compensation Programs, and Employment Standards Administration, U.S. Department of Labor, U.S. Department of Health and Human Services, and U.S. Department of the Treasury
Insurance description	This account pays workers' compensation and medical benefits to former miners who become totally disabled with pneumoconiosis (a respiratory condition resulting from coal dust exposure that is commonly known as black lung disease). To be eligible for payments from this account, the disease must be work-related, the individual must have stopped working as a miner before 1970, and it must not be possible to assign financial liability for the miner's condition to a particular mine operator. The fund also pays benefits to survivors if an eligible miner's death can be attributed at least partially to the disease. Premiums are not paid for coverage.
Funding source(s)	<ul style="list-style-type: none"> Excise taxes on mined coal and borrowings from the U.S. Treasury^a
Total outlays (gross)	<ul style="list-style-type: none"> \$1,041 million
Obligated balance	<ul style="list-style-type: none"> -\$8,205 million^b
Unobligated balance	<ul style="list-style-type: none"> \$30 million
Number of FTE employees	<ul style="list-style-type: none"> 214

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-8144-0-7-601, p. 723; and U.S. Department of Labor, U.S. Department of Health and Human Services, and U.S. Department of the Treasury.

^aFor the past few years annual revenues have been sufficient to pay all annual benefits and administrative costs. Thus new borrowings from the U.S. Treasury have been only to service interest payments on the accumulated debt.

^bThe obligated balance is negative because it includes \$8,244 million in outstanding debt to the U.S. Treasury.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 2: Disability Compensation Benefits (Veterans)

Administering organization	U.S. Department of Veterans Affairs
Insurance description	The account pays compensation to veterans and their survivors for disabilities that the veteran incurred or that were aggravated during active military service. The account also pays dependency and indemnity compensation to survivors of service persons or veterans whose death occurred while on active duty or as a result of service-connected disabilities. In addition, children of Vietnam veterans who were born with certain birth defects are eligible for compensation and vocational rehabilitation. Veterans with certain conditions are eligible for a clothing allowance. Finally, the department may provide other miscellaneous benefits to certain veterans, including automobile grants and adaptive equipment. During fiscal year 2003, the fund paid benefits to 2,444,807 veterans, 311,813 survivors, and 1,044 children. A separate account funds administrative expenses.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$24,705 million (benefits) • \$713 million (administrative)
Obligated balance	<ul style="list-style-type: none"> • \$2,002 million (benefits) • \$125 million (administrative)
Unobligated balance	<ul style="list-style-type: none"> • \$1,112 million (benefits) • \$40 million (administrative)
Number of FTE employees	• 7,264

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification codes 36-0102-0-1-701 (benefits) and 36-0102-4-1-701(administrative), pp. 876-878; and U.S. Department of Veterans Affairs.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 3: Energy Employees Occupational Illness Compensation Fund

Administering organization	Division of Energy Employees' Occupational Illness Compensation, Office of Workers' Compensation Programs, Employment Standards Administration, U.S. Department of Labor
Insurance description	This account provides benefits to federal employees at Department of Energy facilities and employees of contractors and sub-contractors under the Energy Employees' Occupational Illness Compensation Program Act of 2000 ^a suffering from certain illnesses related to their exposure to radiation as a result of their work in producing or testing nuclear weapons. The benefits typically cover radiation-related cancer and lung disease (beryllium disease and silicosis) caused by exposure to beryllium or silica. For such illnesses the account will pay the employee a lump sum of up to \$150,000 and reimbursement of medical expenses. The account also provides smaller lump-sum payments and medical benefits to those eligible under the Radiation Exposure Compensation Act. ^b A separate account funds administrative expenses. During fiscal year 2003, the compensation and administrative accounts received \$450 million in appropriations.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$321 million (benefits) • \$61 million (administrative)
Obligated balance	<ul style="list-style-type: none"> • \$1 million (benefits) • \$46 million (administrative)
Unobligated balance	<ul style="list-style-type: none"> • \$59 million (benefits) • \$140 million (administrative)
FTE employees	<ul style="list-style-type: none"> • 380

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification codes 16-1523-0-1-053 (benefits) and 16-1524-0-1-053 (administrative), p. 721; and U.S. Department of Labor.

^aCodified at 42 U.S.C. §§ 7384 *et seq.*

^bCodified at 42 U.S.C. § 2210 note.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 4: Federal Disability Insurance Trust Fund

Administering organization	U.S. Social Security Administration
Insurance description	The insurance pays cash benefits to those who are unable to work due to a physical or mental impairment that lasts or can be expected to last continuously for at least 12 months or that can be expected to result in death. The insurance also provides benefits to spouses, dependent minor children, and disabled dependent children of wage earners over age 18, if the child's disability occurred before age 22 and continues. In fiscal year 2003, 179.7 million workers were covered, or about 78 percent of the U.S. population between the ages of 20 and 65.
Funding source(s)	<ul style="list-style-type: none"> • Social Security taxes paid by wage earners and self-employed individuals
Total outlays (gross)	<ul style="list-style-type: none"> • \$71,982 million
Obligated balance	<ul style="list-style-type: none"> • \$17,605 million
Unobligated balance	<ul style="list-style-type: none"> • \$153,188 million
Number of FTE employees	<ul style="list-style-type: none"> • Approximately 20,700

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-8007-0-7-651, pp. 1081-1082; and U.S. Social Security Administration.

Table 5: Public Safety Officers' Benefits

Administering organization	Bureau of Justice Assistance, U.S. Department of Justice
Insurance description	The insurance provides death, disability, and educational benefits for public safety officers killed or permanently and totally disabled in the line of duty. Public safety officers include paid and unpaid individuals serving a public agency as law enforcement officers, firefighters, or members of a public rescue squad or ambulance crew. The insurance also provides death benefits to eligible survivors of public safety officers and educational assistance to children or spouses of officers who were killed or permanently disabled in the line of duty. In fiscal year 2003, 510 claims totaling \$55.2 million were paid to beneficiaries.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$56 million
Obligated balance	<ul style="list-style-type: none"> • \$5 million
Unobligated balance	<ul style="list-style-type: none"> • \$5 million
Number of FTE employees	<ul style="list-style-type: none"> • 6 and 1 contractor

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 15-0403-0-1-754, p. 701; and U.S. Department of Justice.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 6: Service-Disabled Veterans Insurance Fund

Administering organization	U.S. Department of Veterans Affairs
Insurance description	The fund provides life insurance policies for veterans who left military service after April 24, 1951 and have a service-connected disability. Veterans are eligible for the insurance if they (1) are in good health other than for their service-connected disability, (2) apply for the insurance within 2 years of establishing that their disability is service-connected, and (3) received other than a dishonorable discharge. Policy premiums are based on rates that healthy veterans would have paid when the program began in 1951; these premiums may be waived for eligible veterans who are totally disabled. At the end of fiscal year 2003, the fund had \$1.5 billion of insurance in force on 154,537 policies.
Funding source(s)	<ul style="list-style-type: none"> • Interest on loans to policyholders, premiums, and appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$66 million
Obligated balance	<ul style="list-style-type: none"> • \$9 million
Unobligated balance	<ul style="list-style-type: none"> • \$9 million
Number of FTE employees	<ul style="list-style-type: none"> • 513 for 6 veterans programs^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 36-4012-0-3-701, p. 886; and U.S. Department of Veterans Affairs.

^aThe following insurance programs for veterans are administered from the department's Philadelphia office: Veterans Mortgage Life Insurance, National Service Life Insurance, Veterans Reopened Life Insurance, Service-Disabled Veterans Insurance, Veterans Special Life Insurance, and U.S. Government Life Insurance.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 7: Special Benefits (Federal Employees)

Administering organization	Division of Federal Employees' Compensation, Office of Workers' Compensation Programs, Employment Standards Administration, U.S. Department of Labor
Insurance description	This account provides monetary and medical benefits to federal workers and their survivors when the federal worker sustains a work-related injury or disease or dies from work-related causes. Benefits include long-term wage replacement benefits, coverage of medical care costs, and medical and vocational rehabilitation assistance needed for returning to work. The account covered 2.8 million federal employees, including postal employees and civilian employees of the armed services as of the end of fiscal year 2003. This account and a separate salaries and expenses account funds administrative expenses.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations and reimbursements from employing federal agencies
Total outlays (gross)	<ul style="list-style-type: none"> • \$2,371 million (benefits) • \$130 million (administrative)
Obligated balance	<ul style="list-style-type: none"> • \$145 million (benefits) • \$1.2 million (administrative from salaries and expenses account)
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	• 133 ^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 16-1521-0-1-600, pp. 719-720; and U.S. Department of Labor.

^aAnother 839 FTEs are funded from a separate salaries and expenses account.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 8: Special Benefits for Disabled Coal Miners

Administering organization	Division of Coal Mine Workers' Compensation, Office of Workers' Compensation Programs, Employment Standards Administration, U.S. Department of Labor
Insurance description	This account provides workers' compensation and medical benefits to former miners who were totally disabled by work-related pneumoconiosis (a respiratory condition resulting from coal dust exposure that is commonly known as black lung disease). It also provides benefits to coal miners' survivors if an eligible miner's death can be attributed at least partially to the disease. The account pays benefits on claims filed between December 30, 1969, and June 30, 1973.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$421 million
Obligated balance	• \$37 million
Unobligated balance	• \$2 million
Number of FTE employees	• 17

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 16-0169-0-1-601, p. 722; and U.S. Department of Labor.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 9: Special Workers' Compensation Expenses

Administering organization	Employment Standards Administration, U.S. Department of Labor
Insurance description	This trust fund provides additional compensation and medical benefits to maritime workers who become disabled as a result of a second injury received on the job and benefits to their dependents if the injury causes death. Compensation may be in the form of continuing benefits when an employer defaults on its obligation or when an employer's obligation is limited to a specific time period. The account also funds a portion of the benefits paid to maritime workers permanently disabled before 1972, maintenance payments to disabled maritime workers in vocational rehabilitation, and covers the procurement of such services.
Funding source(s)	<ul style="list-style-type: none"> Assessments on commercial insurers and employers of maritime workers that self-insure rather than buy coverage from commercial insurers, fines and penalty payments, appropriations, and funding amounts the department receives when an employee entitled to benefits dies without having a beneficiary entitled to compensation.
Total outlays (gross)	<ul style="list-style-type: none"> \$144 million
Obligated balance	<ul style="list-style-type: none"> \$144 million
Unobligated balance	<ul style="list-style-type: none"> \$67 million
Number of FTE employees	<ul style="list-style-type: none"> 107

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 16-9971-0-7-601, pp. 724-725; and U.S. Department of Labor.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 10: Unemployment Trust Fund

Administering organization	Employment and Training Administration, U.S. Department of Labor
Insurance description	The insurance pays benefits to the unemployed, covering almost all wage and salary workers. State and federal payroll taxes on employers that are deposited into the account fund the bulk of benefits and administrative costs. The state employer payroll taxes cover standard state unemployment benefits, while the federal employer payroll taxes cover extended unemployment benefits and administrative costs. The fund invests the taxes in U.S. government securities until needed to pay benefits or administrative costs. In fiscal year 2003, 128.9 million workers were covered. During this period, \$54 billion was paid to the unemployed, compensating them for 211 million weeks of unemployment.
Funding source(s)	<ul style="list-style-type: none"> • Federal and state payroll taxes on employers
Total outlays (gross)	<ul style="list-style-type: none"> • \$58,393 million
Obligated balance	<ul style="list-style-type: none"> • \$1,304 million
Unobligated balance	<ul style="list-style-type: none"> • \$45,810 million
Number of FTE employees	<ul style="list-style-type: none"> • 202

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-8042-0-7-999, pp. 713-714; and U.S. Department of Labor.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

**Medical Liability and
Injury Compensation
(Tables 11–14)**

Table 11: Health Resources and Services (Medical Malpractice Claims Fund)

Administering organization	Health Resources and Services Administration, U.S. Department of Health and Human Services
Insurance description	The fund pays medical malpractice claims made against physicians and health care employees acting within the scope of their employment at federally supported health centers, including free health clinics. The insurance is provided at no charge to the centers and clinics and is intended to reduce or eliminate the need for participants to purchase private medical malpractice insurance, thereby making more funds available for health services.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$23 million in claims^a
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-0350-0-1-550, pp. 423-425; and U.S. Department of Health and Human Services.

^aClaims are projected to rise to \$50 million in fiscal year 2004.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 12: Public Health and Social Services Emergency Fund (Smallpox Injury Compensation)

Administering organization	Health Resources and Services Administration, U.S. Department of Health and Human Services
Insurance description	The insurance provides medical, death, and lost employment income benefits to eligible parties, including (1) individuals who received a smallpox vaccine under a department-approved federal, state, or local plan and who sustained a resulting medical injury, (2) individuals who contracted a sickness, called vaccinia, that results from contact with someone who received the smallpox vaccination or from contact with someone who had the sickness, and (3) the estate and certain survivors of the individuals described in (1) and (2). Fifty-one requests were made for benefits from the program's inception on April 30, 2003, through July 5, 2005.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$214,000
Obligated balance	• \$0
Unobligated balance	• \$41.7 million
Number of FTE employees	• 6

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-9912-0-1-551, p. 461; and U.S. Department of Health and Human Services.

Table 13: Vaccine Injury Compensation

Administering organization	Health Resources and Services Administration, U.S. Department of Health and Human Services
Insurance description	The insurance provides compensation and benefits to individuals, or the estates of individuals, who were injured or died as a result of receiving routinely administered vaccines such as polio, measles, and mumps before October 1, 1988. The insurance also generally provides medical liability protection to doctors, drug manufacturers, and hospitals that administer the vaccines on behalf of the U.S. Public Health Service.
Funding source(s)	• Appropriations ^a
Total outlays (gross)	• about \$900 million
Obligated balance	• about \$900 million
Unobligated balance	• \$1.4 million
Number of FTE employees	• 9

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-0320-0-1-551, p. 425; and U.S. Department of Health and Human Services.

^aThe account has not received appropriations since fiscal year 1997 because prior year balances have been sufficient to pay claims.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 14: Vaccine Injury Compensation Program Trust Fund

Administering organization	Health Resources and Services Administration, U.S. Department of Health and Human Services
Insurance description	The insurance provides compensation and benefits to individuals, or the estates of individuals, who were injured or died as a result of receiving routinely administered vaccines such as polio, measles, and mumps after October 1, 1988. Vaccine purchasers, such as the Centers for Disease Control and Prevention and health care providers, pay excise taxes to vaccine producers. These taxes are remitted to the U.S. Department of the Treasury for deposit into the trust fund. Using the fund's resources, the Department of Health and Human Services purchases government-owned annuity contracts from private insurance companies to cover benefits provided to the injured party. In addition, the insurance generally provides medical liability protection to doctors, drug manufacturers, and hospitals that administer the vaccines. Over 950 annuity contracts were purchased from the program's inception on October 1, 1988, to July 2, 2004. In fiscal year 2003, \$73.4 million was awarded to 59 petitioners.
Funding source(s)	<ul style="list-style-type: none"> • Excise taxes and interest on investments
Total outlays (gross)	<ul style="list-style-type: none"> • \$84 million
Obligated balance	<ul style="list-style-type: none"> • \$1 million
Unobligated balance	<ul style="list-style-type: none"> • \$1,901 million
Number of FTE employees	<ul style="list-style-type: none"> • 9

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-8175-0-7-551, pp. 428-429; and U.S. Department of Health and Human Services.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

**Health Insurance
(Tables 15–22)**

Table 15: Employees and Retired Employees Health Benefit Funds

Administering organization	U.S. Office of Personnel Management
Insurance description	This account is comprised of the Federal Employees Health Benefits (FEHB) program and the Retired Employees Health Benefits (REHB) program. The FEHB program covers the cost of health benefits for employees who are currently active or retired after July 1960, or their survivors. The REHB program covers the cost of health benefits for other retired employees, or their survivors, including those who retain or purchase private insurance or enroll in government sponsored insurance. The Office of Personnel Management approves the various health plans that are offered (approximately 205 at the end of fiscal year 2003). As of the end of fiscal year 2003, 2.2 million active federal employees and 1.8 million annuitants were enrolled in the FEHB program, and 2,362 retirees were enrolled in the REHB program.
Funding source(s)	<ul style="list-style-type: none"> Employee withholdings, contributions from federal employing agencies and annuitants, appropriations, and interest income. Employee and government contributions also fund a contingency reserve that the Office of Personnel Management maintains and that may be used to pay for increased costs or benefits.
Total outlays (gross)	<ul style="list-style-type: none"> \$24,964 million
Obligated balance	<ul style="list-style-type: none"> \$2,484 million
Unobligated balance	<ul style="list-style-type: none"> \$6,554 million
Number of FTE employees	<ul style="list-style-type: none"> 100

Sources: Appendix, *Budget of the United States Government, Fiscal Year 2005*, account identification code 24-9981-0-8-55, pp. 1065-1066; and U.S. Office of Personnel Management.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 16: Federal Hospital Insurance Trust Fund (Medicare Part A)

Administering organization	Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services
Insurance description	The account funds the Medicare Part A program, which partially covers the costs of, among other things, home health care and inpatient care in hospitals and skilled nursing facilities and fully covers the costs of hospice care. Based on their work history, most U.S. citizens and permanent residents and their spouses are eligible for Medicare Part A if they are 65 years of age or older. Also, persons under 65 years old with certain types of disabilities or with chronic renal disease are eligible for coverage. Enrollees or their spouses who have contributed to Medicare through payroll taxes for at least 10 years of employment are automatically enrolled at age 65 and need not pay premiums to receive coverage. Individuals who have not met this eligibility requirement may purchase Part A coverage. Medicare Part A had 40.5 million enrollees at mid-fiscal year 2003.
Funding source(s)	• Payroll taxes and premiums payments
Total outlays (gross)	• \$152,793 million
Obligated balance	• \$1,228 million
Unobligated balance	• \$249,863 million
Number of FTE employees	• Not available ^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-8005-0-7-571, p. 447; and U.S. Department of Health and Human Services.

^aAn estimated 3,471 FTEs supported all Medicare programs in fiscal year 2003.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 17: Federal Supplementary Medical Insurance Trust Fund (Medicare Part B)

Administering organization	Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services
Insurance description	This account, also known as Medicare Part B, partially covers the cost of doctors' services and outpatient hospital care. It also covers other services that are not covered under Medicare Part A, such as durable medical equipment and outpatient laboratory services. Eligibility requirements for Medicare Part B are the same as those for Part A (see table 16). However, unlike for Medicare Part A, eligible individuals must enroll and pay a premium to receive Part B coverage. Medicare Part B had an average of 38.4 million enrollees in fiscal year 2003.
Funding source(s)	• Primarily beneficiary premiums and appropriations
Total outlays (gross)	• \$124,055 million
Obligated balance	• \$1,072 million
Unobligated balance	• \$23,729 million
Number of FTE employees	• Not available ^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-8004-0-7-571, pp. 449-450; and U.S. Department of Health and Human Services.

^aAn estimated 3,471 FTEs supported all Medicare programs in fiscal year 2004.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 18: Payments to Health Care Trust Funds

Administering organization	Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services
Insurance description	The primary purpose of this account is to pay benefits under the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund accounts, commonly known as Medicare Parts A and B, respectively, to the small groups of beneficiaries who did not qualify for the benefits at the programs' inception. Such groups include workers and their spouses who reached the age of 65 by 1968, people on active military duty before 1957, and federal workers who converted from the Civil Service Retirement System to the Federal Employees Retirement System. In 1986, the account received a lump sum payment to cover all future benefits. Since then, agency actuaries and trustees have reviewed the account every 5 years to determine if adjustments are needed.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$393 million
Unobligated balance	• \$0
Obligated balance	• \$0
Number of FTE employees	• Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-0580-0-1-571, p. 443; and U.S. Department of Health and Human Services.

Table 19: Railroad Unemployment Insurance Trust Fund

Administering organization	U.S. Railroad Retirement Board
Insurance description	Consistent with the Railroad Retirement Board's mission of administering benefit programs for railroad workers and their families, the insurance provides two kinds of benefits for railroad employees—unemployment benefits for those who are able but not working and sickness benefits for those who are unable to work because of illness or injury. In the benefit year ending June 30, 2003, the fund paid unemployment and sickness benefits to 36,400 of 259,100 employees qualified to receive benefits.
Funding source(s)	• Employer contributions and investment income
Total outlays (gross)	• \$123 million
Obligated balance	• \$5 million
Unobligated balance	• \$0
Number of FTE employees	• 170

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 60-8051-0-7-603, pp. 1177-1178; and U. S. Railroad Retirement Board.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 20: State Children’s Health Insurance Fund

Administering organization	Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services
Insurance description	The account funds health insurance for children under 19 years old who live with low-income families. An expansion of the Social Security Act created the program, which is administered by the states. Some states have expanded the minimum income requirements, and others are covering entire families, not just children. The program funding “sunset” after fiscal year 2007. ^a In all of fiscal year 2003, 5.8 million children were enrolled in the program.
Funding source(s)	• Appropriations that match state funding
Total outlays (gross)	• \$4,355 million
Obligated balance	• \$9,755 million
Unobligated balance	• \$0
Number of FTE employees	• 75

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-0515-0-1-551, p. 446; and U.S. Department of Health and Human Services.

^aFunding is said to “sunset” when it is subject to automatic statutory termination at the end of a fixed period unless formally renewed.

Table 21: Transitional Drug Assistance, Federal Supplementary Medical Assistance Trust Fund

Administering organization	Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services
Insurance description	The account funds a \$600 credit to help cover the cost of prescription drugs for low-income Medicare participants in the Transitional Drug Assistance program. Individuals are eligible for benefits if their income is not more than 135 percent of the poverty line, and they do not have outpatient drug coverage from other sources. Coverage from the program will end when the Medicare Part D drug benefit becomes effective on January 1, 2006. The program credit assisted 1.3 million enrollees as of the end of fiscal year 2004. ^a
Funding sources	• Appropriations
Total outlays (gross)	• \$216 million in fiscal year 2004 for credit benefits ^a
Obligated balance	• \$281 million in fiscal year 2004 ^a
Unobligated balance	• Not available
Number of FTE employees	• 270 in fiscal year 2004 ^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-8307-0-7-571, p. 450; and U.S. Department of Health and Human Services.

^aData are first available for the fourth quarter of fiscal year 2004 when the program was implemented.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 22: Uniformed Services Retiree Health Care Fund

Administering organization	U.S. Department of Defense
Insurance description	The fund provides coverage for medical expenses not covered by Medicare, with some restrictions, and medical care provided at military treatment facilities. Retirees of the uniformed services who are eligible for Medicare and qualifying dependents can receive coverage for expenses not covered by Medicare, but they must first be enrolled in Medicare Part B unless they receive care at a military treatment facility. In that case, they need only be eligible for Medicare Part A. In fiscal year 2003, 1.7 million individuals received benefits.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations, agency contributions, and investment income
Total outlays (gross)	<ul style="list-style-type: none"> • \$4,315 million
Obligated balance	<ul style="list-style-type: none"> • \$268 million
Unobligated balance	<ul style="list-style-type: none"> • \$0
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 97-5472-0-2-551, p. 928; and U.S. Department of Defense.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

**Life Insurance and Death
Benefits
(Tables 23–38)**

Table 23: Burial Benefits (Veterans)

Administering organization	U.S. Department of Veterans Affairs
Insurance description	The Department of Veterans Affairs uses this account to fund and administer a range of burial benefit programs for veterans through two of its organizations—the Veterans Benefits Administration and the National Cemetery Administration. Benefits include flags for draping caskets and cash allowances for funeral and burial expenses, headstones and markers, and grave maintenance. Fund outlays cover, among other things, benefit payments and administrative expenses. The latter are funded from a separate account. During fiscal year 2003, the burial benefit programs provided cash allowances for 78,000 burials and 341,000 headstones and markers.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$143 million (benefits) • \$206 million (administrative)
Obligated balance	<ul style="list-style-type: none"> • \$0 (benefits) • \$129 million (administrative)
Unobligated balance	<ul style="list-style-type: none"> • \$0 (benefits) • \$175 million (administrative)
Number of FTE employees	• 1,655

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification codes 36-0139-0-1-701 (benefits) and 36-0129-0-1-700 (administrative), pp. 885-886; and U.S. Department of Veterans Affairs.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 24: Insurance Benefits (Veterans Mortgage Life Insurance)

Administering organization	U.S. Department of Veterans Affairs
Insurance description	Veterans Mortgage Life Insurance was established in 1971 to pay up to \$90,000 on an unpaid home mortgage in the event of an eligible veteran's death. The insurance covers veterans who received grants from the Department of Veterans Affairs for housing specially adapted for veterans with severe disabilities incurred during military service. At the end of fiscal year 2003, the program had \$175 million of insurance in force on 2,793 policies.
Funding source(s)	• Appropriations and premiums
Total outlays (gross)	• \$30 million
Obligated balance	• \$209,000
Unobligated balance	• \$615,000
Number of FTE employees	• 513 people administer 6 insurance programs ^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification codes 36-0120-0-1-701 (benefits) and 36-0141-0-1-701 (administrative), pp. 882-883; and U.S. Department of Veterans Affairs.

^aThe following insurance programs for veterans are administered from the department's Philadelphia office: Veterans Mortgage Life Insurance, National Service Life Insurance, Veterans Reopened Life Insurance, Service-Disabled Veterans Insurance, Veterans Special Life Insurance, and U.S. Government Life Insurance.

Table 25: Military Personnel, Air Force (death gratuity)

Administering organization	U.S. Air Force, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding various expenses of Air Force personnel, including pay, allowances, and certain travel expenses, the account funds a \$12,000 death gratuity to beneficiaries of deceased Air Force military personnel whose death occurred (a) while on active duty or traveling to or from duty, (b) during the 120-day period following date of discharge or release from active duty when death results from a service-connected or -aggravated injury or disease, or (c) while traveling to or from or while at a place for final acceptance or entry into active duty.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$1.9 million for death gratuities to 160 beneficiaries
Obligated balance	• Not available
Unobligated balance	• Not available
Number of FTE employees	• Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 57-3500-0-1-051, pp. 250-251; and U.S. Department of Defense.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 26: Military Personnel, Army (death gratuity)

Administering organization	U.S. Army, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding various expenses of Army personnel, including pay, allowances, and certain travel expenses, the account funds a \$12,000 death gratuity to beneficiaries of deceased Army military personnel whose death occurred (a) while on active duty or traveling to or from duty, (b) during the 120-day period following date of discharge or release from active duty when death results from a service-connected or - aggravated injury or disease, or (c) while traveling to or from active duty, or while at a place for final acceptance or entry into active duty.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$3.2 million for death gratuities to 528 beneficiaries
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 21-2010-0-1-051, p. 248; and U.S. Department of Defense.

Table 27: Military Personnel, Marine Corps (death gratuity)

Administering organization	U.S. Marine Corps, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding various expenses of Marine Corps personnel, including pay, allowances, and certain travel expenses, the account funds insurance claim and indemnity activities that include making \$12,000 death gratuity payments to beneficiaries of deceased Marine Corps personnel whose death occurred (a) while on active duty or traveling to or from duty, (b) during the 120-day period following date of discharge or release from active duty when death results from a service-connected or -aggravated injury or disease, or (c) while traveling to or from active duty, or while at a place for final acceptance or entry into active duty.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$1.2 million for death gratuities to 104 beneficiaries
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 17-1105-0-1-051, pp. 249-250; and U.S. Department of Defense.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 28: Military Personnel, Navy (death gratuity)

Administering organization	U.S. Navy, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding various expenses of Navy personnel, including pay, allowances, and certain travel expenses, the account funds a \$12,000 death gratuity to beneficiaries of deceased Navy military personnel whose death occurred (a) while on active duty or traveling to or from duty, (b) during the 120-day period following date of discharge or release from active duty when death results from a service-connected or -aggravated injury or disease, or (c) while traveling to or from active duty, or while at a place for final acceptance or entry into active duty.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$1.6 million for death gratuities paid to 260 beneficiaries
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 17-1453-0-1-151, pp. 248-249; and U.S. Department of Defense.

Table 29: National Guard Personnel, Air Force (death gratuity)

Administering organization	U.S. Air Force, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding the salaries and expenses of Air Force National Guard personnel, the account funds a \$12,000 death gratuity to beneficiaries of deceased Air Force National Guard personnel whose death occurred (a) while on active duty, (b) participating in training for active or inactive duty, or (c) traveling directly to or from duty.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$12,000 for a death gratuity to 1 beneficiary
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 57-3850-0-1-051, p. 254; and U.S. Department of Defense.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 30: National Guard Personnel, Army (death gratuity)

Administering organization	Army National Guard, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding the salaries and expenses of Army National Guard personnel, the account funds a \$12,000 death gratuity to beneficiaries of deceased Army National Guard personnel whose death occurred (a) while on active duty, (b) participating in training for active or inactive duty, or (c) while traveling to or from duty.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$316,000 for death gratuities to 53 beneficiaries
Obligated balance	• Not available
Unobligated balance	• Not available
Number of FTE employees	• Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 21-2060-0-1-051, p. 253-254; and U.S. Department of Defense.

Table 31: National Service Life Insurance Fund (Veterans)

Administering organization	U.S. Department of Veterans Affairs
Insurance description	This fund was opened in 1940 to meet the insurance needs of World War II military service personnel. By the time the program was closed in 1951 it had issued over 22 million policies with an aggregate face value of \$174 billion. The basic policy has a maximum face amount of \$10,000, although policyholders could purchase additional insurance that would provide income if they became totally disabled before age 65. At the end of fiscal year 2003, the program had \$14.8 billion of insurance in force on 1.4 million policies, and the average policy in force had a face value of about \$10,500.
Funding source(s)	• Investment income, premiums, and appropriations
Total outlays (gross)	• \$1,613 million
Obligated balance	• \$1,461 million
Unobligated balance	• \$9,795 million
Number of FTE employees	• 513 people administer 6 insurance programs ^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 36-8132-0-7-701, pp. 895-896; and U.S. Department of Veterans Affairs.

^aThe following insurance programs for veterans are administered from the department's Philadelphia office: Veterans Mortgage Life Insurance, National Service Life Insurance, Veterans Reopened Life Insurance, Service-Disabled Veterans Insurance, Veterans Special Life Insurance, and U.S. Government Life Insurance.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 32: Reserve Personnel, Air Force (death gratuity)

Administering organization	U.S. Air Force, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding the salaries and expenses of U.S. Air Force reserve personnel, the account funds a \$12,000 death gratuity to beneficiaries of deceased Air Force reserve personnel whose death occurred (a) while on active duty, (b) participating in training for active or inactive duty, or (c) traveling directly to or from duty.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$24,000 for death gratuities to 2 beneficiaries
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 57-3700-0-1-051, pp. 252-253; and U.S. Department of Defense.

Table 33: Reserve Personnel, Army (death gratuity)

Administering organization	U.S. Army, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding the salaries and expenses of Army reserve personnel, the account funds a \$12,000 death gratuity to beneficiaries of deceased Army reserve personnel whose death occurred (a) while on active duty, (b) participating in training for active or inactive duty, or (c) traveling directly to or from duty.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$114,000 for death gratuities to 9 beneficiaries
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 21-2070-0-1-051, p. 251; and U.S. Department of Defense.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 34: Reserve Personnel, Marine Corps (death gratuity)

Administering organization	U.S. Marine Corps, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding the salaries and expenses of Marine Corps reserve personnel, the account funds a \$12,000 death gratuity to beneficiaries of deceased Marine Corps reserve personnel whose death occurred (a) while on active duty, (b) participating in training for active or inactive duty, or (c) traveling directly to or from duty.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$48,000 for death gratuities to 4 beneficiaries
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 17-1108-0-1-051, p. 252; and U.S. Department of Defense.

Table 35: Reserve Personnel, Navy (death gratuity)

Administering organization	U.S. Navy, U.S. Department of Defense
Insurance description	In addition to its primary purpose of paying the salaries and expenses of Navy reserve personnel, the account funds a \$12,000 death gratuity to beneficiaries of deceased Navy reserve personnel whose death occurred (a) while on active duty, (b) participating in training for active or inactive duty, or (c) while traveling directly to or from duty.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$132,000 for death gratuities to 11 beneficiaries
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 17-1405-0-1-051, pp. 251-252; and U.S. Department of Defense.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 36: United States Government Life Insurance Fund (Veterans)

Administering organization	U.S. Department of Veterans Affairs
Insurance description	This account funds life insurance for persons in the military before October 8, 1940, and was created to meet the needs of World War I veterans when private insurers were unwilling to assume war-related risks. In addition to the death benefit, the policy provides a disability benefit to veterans who become totally and permanently disabled. The level of assets in the trust fund was sufficient to allow the program to declare all policies paid up as of January 1, 1983, and to stop collecting premiums from policyholders. In addition, the investment earnings by the trust fund have exceeded amounts needed to pay future claims, allowing the program to pay dividends to policyholders. The program had \$37 million of insurance in force on 11,770 policies at the end of fiscal year 2003.
Funding source(s)	<ul style="list-style-type: none"> • Investment income, interest on loans to policyholders, and appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$10 million
Obligated balance	<ul style="list-style-type: none"> • \$17 million
Unobligated balance	<ul style="list-style-type: none"> • \$39 million
Number of FTE employees	<ul style="list-style-type: none"> • 513 people administer 6 insurance programs^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 36-8150-0-7-701, pp. 896-897; and U.S. Department of Veterans Affairs.

^aThe following insurance programs for veterans are administered from the department's Philadelphia office: Veterans Mortgage Life Insurance, National Service Life Insurance, Veterans Reopened Life Insurance, Service-Disabled Veterans Insurance, Veterans Special Life Insurance, and U.S. Government Life Insurance.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 37: Veterans Reopened Insurance Fund

Administering organization	U.S. Department of Veterans Affairs
Insurance description	This fund was created to provide life insurance for disabled veterans, mainly from World War II and the Korean Conflict, who, between October 8, 1940, and January 1, 1957, had been eligible for or enrolled in an insurance program but had dropped out or were uninsurable because of their disability. The disabled veterans had 1 year, beginning May 1, 1965, to apply for coverage. At the end of fiscal year 2003, the fund had \$556 million of insurance in force on 63,000 policies.
Funding source(s)	<ul style="list-style-type: none"> Investment income, premiums, and interest on loans to policyholders
Total outlays (gross)	<ul style="list-style-type: none"> \$64 million
Obligated balance	<ul style="list-style-type: none"> \$51 million
Unobligated balance	<ul style="list-style-type: none"> \$409 million
Number of FTE employees	<ul style="list-style-type: none"> 513 people administer 6 insurance programs^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 36-4010-0-3-701, p. 887; and U.S. Department of Veterans Affairs.

^aThe following insurance programs for veterans are administered from the department's Philadelphia office: Veterans Mortgage Life Insurance, National Service Life Insurance, Veterans Reopened Life Insurance, Service-Disabled Veterans Insurance, Veterans Special Life Insurance, and U.S. Government Life Insurance.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 38: Veterans Special Life Insurance Fund

Administering organization	U.S. Department of Veterans Affairs
Insurance description	This fund was established in 1951 to meet the insurance needs of veterans who served during the Korean Conflict and a few years thereafter—a period from April 2, 1951, through January 1, 1957. During this period, all service members on active duty received \$10,000 of life insurance coverage at no cost to them. That coverage remained in force for 120 days after their discharge, at which time they could purchase \$10,000 of term life insurance. Policyholders could also elect to purchase disability income coverage. The fund has been distributing excess income resulting from lower than expected death rates to policyholders as dividends. At the end of fiscal year 2003, 220,719 policies were in force with an aggregate face value of \$2.6 billion.
Funding source(s)	<ul style="list-style-type: none"> Investment income, premiums, and interest on loans to policyholders
Total outlays (gross)	<ul style="list-style-type: none"> \$189 million
Obligated balance	<ul style="list-style-type: none"> \$312 million
Unobligated balance	<ul style="list-style-type: none"> \$1,540 million
Number of FTE employees	<ul style="list-style-type: none"> 513 people administer 6 insurance programs^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 36-8455-0-8-701, p. 897; and U.S. Department of Veterans Affairs.

^aThe following insurance programs for veterans are administered from the department's Philadelphia office: Veterans Mortgage Life Insurance, National Service Life Insurance, Veterans Reopened Life Insurance, Service-Disabled Veterans Insurance, Veterans Special Life Insurance, and U.S. Government Life Insurance.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

**Retirement Annuity
(Tables 39–53)**

Table 39: Central Intelligence Agency Retirement and Disability System Fund

Administering organization	U.S. Central Intelligence Agency
Insurance description	This account maintains the funds needed to operate the agency's retirement program for designated employees with at least 5 years of qualifying service involving activities abroad hazardous to life or health, or clearly distinguishable from normal government service because of specialized security duties. The fund pays the costs of disbursing annuities related to military service, costs not covered by employee and employer contributions, and costs of financing unfunded liabilities.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$223 million
Obligated Balance	• \$0
Unobligated Balance	• \$0
Number of FTE employees	• Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 56-3400-0-1-054 pp. 1090-1091.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 40: Civil Service Retirement and Disability Fund

Administering organization	U.S. Office of Personnel Management
Insurance description	The fund provides retirement and disability benefits for active federal employees and federal retirees and survivors. The account pays benefits under two federal civilian retirement systems: (1) the Civil Service Retirement System, a defined benefit plan that covers federal employees hired before 1984 and (2) the Federal Employees' Retirement System that covers federal employees hired after 1983 and those who convert from the Civil Service Retirement System. The Federal Employees' Retirement System is a three-tiered pension program that includes a basic defined benefit, a thrift savings plan, and social security. This fund provides the basic defined benefit component. Other funds provide for the Thrift Savings Plan and social security benefits. The fund covered 2.7 million active federal employees and 2.4 million federal retirees and survivors in fiscal year 2003.
Funding source(s)	<ul style="list-style-type: none"> • Employee and agency contributions and appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$50,368 million
Obligated balance	<ul style="list-style-type: none"> • \$4,402 million
Unobligated balance	<ul style="list-style-type: none"> • \$597,334 million
Number of FTE employees	<ul style="list-style-type: none"> • 800

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 24-8135-0-7-602, pp. 1063-1064; and U.S. Office of Personnel Management.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 41: District of Columbia Federal Pension Liability Trust Fund (and Federal Supplemental District of Columbia Fund)

Administering organization	Office of District of Columbia Pensions, U.S. Department of the Treasury
Insurance description	The District of Columbia Federal Pension Liability Trust Fund pays the retirement benefits earned through June 30, 1997, of district police officers, firefighters, and teachers and the expenses of the Secretary of the Treasury in administering the fund. The Department of Treasury established this fund and two others (the District of Columbia Judicial Retirement and Survivors Annuity Fund and the Federal Supplemental District of Columbia Pension Fund) in 1997 when it assumed financial responsibility for certain pension obligations of the District of Columbia. The District of Columbia retained responsibility for funding retirement benefits earned after June 1997 through current contributions by police, firefighters, and teachers and the District of Columbia funds. Because federal liability for these plans pertains to benefits earned before July 1997, employees do not contribute to the fund. After the liability trust fund is depleted, benefits and administrative costs will be paid from the Federal Supplemental District of Columbia Pension Fund. The liability trust and supplemental funds covered 20,409 active and retired employees at the end of fiscal year 2003.
Funding source(s)	<ul style="list-style-type: none"> • Investment income, appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$488 million for liability trust fund • \$0 for supplemental fund
Obligated balance	<ul style="list-style-type: none"> • \$67 million in liability trust fund • \$0 in supplemental fund
Unobligated balance	<ul style="list-style-type: none"> • \$1,992 million in liability trust fund • \$1,640 million in supplemental fund
Number of FTE employees	• 21 administer 3 funds ^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification codes 20-8230-0-7-601 (liability trust fund) and 20-5500-0-2-601 (supplemental fund), pp. 1110-1112; and U.S. Department of the Treasury.

^aThe three funds are the District of Columbia Federal Pension Liability Trust Fund, the District of Columbia Judicial Retirement and Survivors Annuity Fund, and the Federal Supplemental District of Columbia Pension Fund.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 42: District of Columbia Judicial Retirement and Survivors Annuity Fund

Administering organization	Office of District of Columbia Pensions, U.S. Department of the Treasury
Insurance description	The fund provides the retirement and survivor benefits of active and retired District of Columbia judges. As of the end of fiscal year 2003, 138 active and retired judges were covered by the fund. The U.S. Department of Treasury established this fund and two others (the District of Columbia Federal Pension Liability Trust Fund and the Federal Supplemental District of Columbia Pension Fund) in 1997 when it assumed financial responsibility for certain pension obligations of the District of Columbia.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations, investment earnings, and payroll withholdings
Total outlays (gross)	<ul style="list-style-type: none"> • \$7 million
Obligated balance	<ul style="list-style-type: none"> • \$1 million
Unobligated balance	<ul style="list-style-type: none"> • \$91 million
Number of FTE employees	<ul style="list-style-type: none"> • 21 administer 3 funds^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-8212-0-7-602, p. 1107 and U.S. Department of the Treasury.

^aThe three funds are the District of Columbia Federal Pension Liability Trust Fund, the District of Columbia Judicial Retirement and Survivors Annuity Fund, and the Federal Supplemental District of Columbia Pension Fund.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 43: Federal Old Age and Survivors Insurance (Social Security)

Administering organization	U.S. Social Security Administration
Insurance description	This trust fund provides monthly cash benefits to retired workers and their dependents and to survivors of deceased workers. While most beneficiaries receive retirement benefits, others receive benefits because they are one of the following: (1) a disabled widow, or disabled adult child of a deceased worker, (2) a spouse or child of someone who receives social security, (3) a spouse or child of a deceased worker, or (4) a dependent parent of a deceased worker. The fund's largest funding source is social security payroll taxes, which finance social security benefits paid to current recipients. The level of payroll taxes collected is not expected to keep pace with growth in the number of beneficiaries. If, as projected, the number of persons 65 years old and older doubles within the next 15 years, fund resources are projected to be insufficient to maintain existing benefit levels unless steps are taken to more closely balance funding and benefits. In December 2003, 39.4 million people were receiving benefits.
Funding source(s)	<ul style="list-style-type: none"> • Payroll taxes from employers, employees, and the self-employed; interest income; and income taxes on benefits
Total outlays (gross)	<ul style="list-style-type: none"> • \$402,698 million
Obligated balance	<ul style="list-style-type: none"> • \$39,949 million
Unobligated balance	<ul style="list-style-type: none"> • \$1,273,446 million
Number of FTE employees	<ul style="list-style-type: none"> • 19,000^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-8006-0-7-651, p. 1080; and U.S. Social Security Administration.

^aData include overtime converted into FTEs.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 44: Foreign Service Retirement and Disability Fund

Administering organization	Bureau of Human Resources, Personnel Retirement Division, U.S. Department of State
Insurance description	The insurance pays retirement and disability benefits to foreign service officers and their survivors. Various departments and agencies employ these officers, including the Departments of State, Agriculture, and Commerce as well as the Peace Corps and U.S. Agency for International Development. Foreign Service retirement benefits are paid under two plans, the Foreign Service Retirement and Disability System, which is equivalent to the Civil Service Retirement System, and the Foreign Service Pension System, which is equivalent to the Federal Employees Retirement System. Under the defined benefit provisions of these pension plans, participants earn a retirement annuity based on participant and employer contributions and participant salary and years of service. About 14,600 beneficiaries received \$623 million in fiscal year 2003.
Funding source(s)	<ul style="list-style-type: none"> • Employee withholdings, employing agencies' contributions, appropriations, and interest on investments
Total outlays (gross)	<ul style="list-style-type: none"> • \$623 million
Obligated balance	<ul style="list-style-type: none"> • \$0
Unobligated balance	<ul style="list-style-type: none"> • \$12,300 million
Number of FTE employees	<ul style="list-style-type: none"> • 30 and 5 contractors

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 19-8186-0-7-602, pp. 747-748; and U.S. Department of State.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 45: Judicial Officers' Retirement Fund

Administering organization	Administrative Office of the U.S. Courts
Insurance description	This trust fund pays the retirement annuities of U.S. bankruptcy and magistrate judges. Bankruptcy judges for a judicial district are appointed by the judges of the U.S. court of appeal for the circuit and exercise jurisdiction over bankruptcy matters. Magistrate judges are appointed by each U.S. district court and exercise jurisdiction over matters assigned by law and those delegated by the district judges. As of June 30, 2004, 157 active judges were enrolled in the program, and 216 retired judges were receiving retirement annuities.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$22 million
Obligated balance	• \$1 million
Unobligated balance	• \$174 million
Number of FTE employees	• 4 as of June 30, 2004

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 10-8122-0-7-602, pp. 63-64; and Administrative Office of the U.S. Courts.

Table 46: Judicial Survivors' Annuities Fund

Administering organization	Administrative Office of the U.S. Courts
Insurance description	This trust fund pays annuities to the surviving widows and dependent children of judicial officers, including survivors of justices and judges of the U.S. Courts; full time bankruptcy and magistrate judges; the administrative assistant to the Chief Justice of the Supreme Court; and the directors of the Federal Judicial Center and Administrative Office of the U.S. Courts. As of June 30, 2004, 1,488 judicial officers were participating in the program, and 294 survivors of participants were receiving benefits.
Funding source(s)	• Investment earnings, withholdings from salaries, and federal payments.
Total outlays (gross)	• \$16 million
Obligated balance	• \$2 million
Unobligated balance	• \$418 million
Number of FTE employees	• 3 as of June 30, 2004

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 10-8110-0-7-602, p. 64; and Administrative Office of the U.S. Courts.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 47: Military Retirement Fund

Administering organization	U.S. Department of Defense
Insurance description	The fund finances a defined benefit pension plan for military personnel who have retired with at least 20 years of service or who were disabled in combat. Retirees can also make elective contributions so that upon their death a surviving spouse or dependents can continue to receive survivor benefits. At the end of fiscal year 2003, about 1.722 million retirees and 265,000 surviving families were covered by the fund.
Funding source(s)	<ul style="list-style-type: none"> • U.S. Treasury general fund, agency contributions, and investment income
Total outlays (gross)	<ul style="list-style-type: none"> • \$35,568 million
Obligated balance	<ul style="list-style-type: none"> • \$2,963 million
Unobligated balance	<ul style="list-style-type: none"> • \$0
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 197-8097-0-7-602, pp. 927-928; and U.S. Department of Defense.

Table 48: Pension Benefits (Veterans)

Administering organization	U.S. Department of Veterans Affairs
Insurance description	The account funds pensions for certain veterans or their survivors. Veterans are entitled to benefits if they were on active duty for 90 days or more during a designated war period, sustained permanent and total disabilities, and have income below a certain level. The disability requirement does not apply to certain survivors or to veterans that are at least 65 years old. A separate account funds administrative expenses.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$3,229 million (benefits) • \$149 million (administrative)
Obligated balance	<ul style="list-style-type: none"> • \$264 million
Unobligated balance	<ul style="list-style-type: none"> • \$65 million
Number of FTE employees	<ul style="list-style-type: none"> • 827

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification codes 36-0154-0-1-701 (benefits) and 36-0143-0-1-701 (administrative), pp. 883-884; and U.S. Department of Veterans Affairs.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 49: Railroad Industry Pension Fund

Administering organization	U.S. Railroad Retirement Board
Insurance description	The fund provides income protection during old age and in the event of disability, sickness, or death to: (1) railroad workers who retire because of age or disability; (2) eligible spouses and divorced spouses of retired employees; and (3) surviving widow(er)s, remarried widow(er)s, surviving divorced spouses, children, and dependent parents of deceased employees. The fund paid benefits to 666,200 individuals in fiscal year 2003.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations; employer and employee payroll taxes; transfers from the Railroad Retirement Account, the Social Security Equivalent Benefit Account, and the Dual Benefits Payments Account; and investment income.
Total outlays (gross)	<ul style="list-style-type: none"> • \$21,437 million^a
Obligated balance	<ul style="list-style-type: none"> • \$301 million
Unobligated balance	<ul style="list-style-type: none"> • \$206 million
Number of FTE employees	<ul style="list-style-type: none"> • 909

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 60-8011-0-7-601, pp. 1178-1179; and U.S. Railroad Retirement Board.

^aTotal outlays (gross) includes \$17,750 million in transfers to the National Railroad Retirement Investment Trust and excludes outlays for the Social Security Equivalent Benefit Account and Dual Benefits Payments Account.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 50: Retired Pay (U.S. Coast Guard)

Administering organization	U.S. Coast Guard, U.S. Department of Homeland Security
Insurance description	The account funds retirement pay for military personnel of the U.S. Coast Guard and Coast Guard Reserve and members of the former Lighthouse Service. It also provides an annuity for survivors of Coast Guard retirees who elect to participate in the related plan. Additionally, it funds payments for the medical care of retired personnel and their dependents. In fiscal year 2003, the account paid \$832 million in benefits: \$667 million in retirement benefits to regular military personnel, \$45 million in retirement benefits to reserve personnel, \$16 million in survivor benefits, and \$104 million in medical care benefits to retirees and their dependents. At the end of the fiscal year, 35,000 personnel were eligible for the account's retirement pay benefits.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Outlays	<ul style="list-style-type: none"> • \$812 million
Obligated balance	<ul style="list-style-type: none"> • \$141 million
Unobligated balance	<ul style="list-style-type: none"> • \$0
Number of FTE employees	<ul style="list-style-type: none"> • 0

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 70-0602-0-1-403, pp. 492-493; and U.S. Department of Homeland Security.

Table 51: Retirement Pay and Medical Benefits for Commissioned Officers (Public Health Service)

Administering organization	U.S. Public Health Service, U.S. Department of Health and Human Services
Insurance description	The account funds medical, dental, disability, and retirement pay and benefits for retired Public Health Service commissioned officers. It also provides payments and medical benefits to survivors of deceased officers and medical benefits to dependents and beneficiaries. In fiscal year 2003, the account paid \$291 million in benefits: \$214 million for retirement benefits, \$13 million for survivor benefits, and \$64 million for medical care benefits to about 33,000 beneficiaries.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$305 million
Obligated balance	<ul style="list-style-type: none"> • \$30 million
Unobligated balance	<ul style="list-style-type: none"> • \$0
Number of FTE employees	<ul style="list-style-type: none"> • 8 FTEs, 3 consultants, and 2 temporary contractors

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-0379-0-1-551, p. 463; and U.S. Department of Health and Human Services.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 52: Special Benefits for Certain World War II Veterans

Administering organization	U.S. Social Security Administration
Insurance description	This account funds social security benefits for certain World War II veterans who meet program eligibility criteria. Those eligible for program benefits include individuals who: (1) were at least 65 years old as of December 14, 1999 and reside outside the United States; (2) were in the U.S. military during World War II, including veterans who were in the Filipino Army and Filipino Scouts; and (3) were eligible for Supplemental Security Income for the month of December 1999 and meet other requirements.
Funding source(s)	• Appropriations and state supplement payments ^a
Total Outlays (Gross)	• \$9 million
Obligated balances	• -\$1 million
Unobligated balances	• \$0
Number of FTE employees	• 5

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 28-0401-0-1-701, pp. 1078-1079; and U.S. Social Security Administration.

^aCalifornia provides additional funds to the Social Security Administration for the benefit of the veterans receiving benefits under this insurance activity.

Table 53: United States Court of Federal Claims Judges' Retirement Fund

Administering organization	Administrative Office of the U.S. Courts
Insurance description	This trust fund pays the retirement annuities of U.S. Court of Federal Claims judges. The court's jurisdiction includes, among other things, most claims for money damages against the United States, disputes over federal contracts, federal contract bid protests, constitutional claims, and patent and copyright infringement. Three active and 13 retired judges were enrolled or receiving benefits as of June 30, 2004.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$2 million
Obligated balance	• \$0
Unobligated balance	• \$11 million
Number of FTE employees	• Less than 1 as of June 30, 2004

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 10-8124-0-7-602, pp. 64-65; and Administrative Office of the U.S. Courts.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

**Property Damage or
Financial Loss
Compensation
(Tables 54–62)**

Table 54: Agricultural Credit Insurance Program Account (Dairy Indemnity Program)

Administering organization	Farm Service Agency, U.S. Department of Agriculture
Insurance description	The program compensates dairy farmers for milk or cows at fair market value when a regulatory agency (such as the departments of agriculture or public health in the various states) directs them to remove raw milk from the commercial market or to destroy their livestock because of contamination by certain pesticides, toxic substances, chemical residues, or nuclear radiation or fallout. The program also compensates manufacturers at fair market value for dairy products removed from the commercial market because of pesticide contamination.
Funding source(s)	• Appropriations
Total outlays (gross)	• \$393,000
Obligated balance	• \$0
Unobligated balance	• \$1 million
Number of FTE employees	• Less than 5

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 12-1140-0-1-351, p. 106-108; and U.S. Department of Agriculture.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 55: Animal and Plant Health Inspection Service (disease control compensation)

Administering organization	Animal and Plant Health Inspection Service, U.S. Department of Agriculture
Insurance description	In addition to its primary purpose of funding activities designed to protect the nation's animal and plant resources from destructive pests and diseases, this account reimburses owners for the loss of animals that the agency determines are diseased and need to be destroyed. During fiscal year 2003, the agency reimbursed owners for the loss of animals or plants with, among other diseases, Tuberculosis (a contagious bacteria affecting both animals and humans), Exotic Newcastle (a contagious and fatal viral disease affecting all species of birds), Chronic Wasting Disease (a neurological illness affecting deer and elk), Spring Viremia of Carp (a contagious and potentially fatal viral disease of fish such as koi and carp) and with citrus canker (a disease affecting citrus growing plants).
Funding source(s)	<ul style="list-style-type: none"> • Transfers from Department of Agriculture's Commodity Credit Corporation.
Total outlays (gross)	<ul style="list-style-type: none"> • \$98 million in agency reimbursements to owners^a
Obligated balance	<ul style="list-style-type: none"> • Not applicable^b
Unobligated balance	<ul style="list-style-type: none"> • Not applicable^c
Number of FTE employees	<ul style="list-style-type: none"> • Not available^d

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 12-1600-0-1-352, pp. 87-89; and U.S. Department of Agriculture.

^aThe \$98 million in reimbursements to animal and plant owners is about 8 percent of the account's \$1,153 million in total outlays (gross).

^bThe obligated balance for the reimbursements for departmental activity related to destroyed animals is not reported separately from the Animal and Plant Health Inspection Service Salaries and Expenses account in the budget.

^cThe unobligated balance for the reimbursements for departmental activity related to destroyed animals is not reported separately from the Animal and Plant Health Inspection Service Salaries and Expenses account in the budget.

^dFTEs are not separately determined for reimbursements for departmental activity related to destroyed animals and plants.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 56: Check Forgery Insurance Fund

Administering organization	Financial Management Service, U.S. Department of the Treasury
Insurance description	This account funds the replacement of forged and stolen U.S. Treasury checks. Losses are incurred when the fund is unable to recover from parties responsible for the thefts or forgeries. In fiscal year 2003, total losses, gross were about \$23 million of which \$20 million were recovered and \$3 million were unrecovered. Losses may be recovered through claims made against a forger or thief, or against the financial institution that negotiated the forged or stolen check.
Funding source(s)	• Appropriations and offsetting collections
Total outlays (gross)	• \$23 million
Obligated balance	• \$1 million
Unobligated balance	• \$8 million
Number of FTE employees	• Not available ^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-4109-0-3-803, p. 847; and U.S. Department of the Treasury.

^a Staff are devoted to this activity part-time.

Table 57: Fishermen's Contingency Fund

Administering organization	National Oceanic and Atmospheric Administration, U.S. Department of Commerce
Insurance description	The account compensates U.S. commercial fishermen for damage and losses to their fishing equipment when debris from U.S. Outer Continental Shelf activities related to oil and gas exploration, development, or production damage fishing boats and related fishing gear. The fund also compensates fishermen for 50 percent of their gross economic loss when damage to boats and equipment prevents them from fishing or causes them to reduce their fishing efforts. Eighteen claims totaling \$108,000 were paid in fiscal year 2003.
Funding source(s)	• Assessments on oil and gas companies operating on the Outer Continental Shelf and interest on invested balances, and funds recovered by the government by persons responsible for covered damages.
Total outlays (gross)	• \$1 million
Obligated balance	• \$0
Unobligated balance	• \$1.25 million
Number of FTE employees	• 1

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 13-5120-0-2-376, pp. 222-223; and U.S. Department of Commerce.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 58: Homeowners Assistance Fund

Administering organization	U.S. Department of Defense
Insurance description	The account provides funds to reduce the financial hardship or loss to military, Coast Guard, and civilian personnel when Department of Defense base realignments or closures require them to relocate and dispose of their homes. Eligible personnel may be reimbursed for certain losses that result from the forced sale of their homes. In fiscal year 2003, homeowners made 110 claims and received \$2.4 million in assistance.
Funding source(s)	<ul style="list-style-type: none"> • Appropriations and revenue from the sale of homes the Defense Department acquires as a result of base realignments or closures
Total outlays (gross)	<ul style="list-style-type: none"> • \$9 million
Obligated balance	<ul style="list-style-type: none"> • \$1 million
Unobligated balance	<ul style="list-style-type: none"> • \$18 million
Number of FTE employees	<ul style="list-style-type: none"> • 10

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 97-4090-0-3-051, pp. 309; and U.S. Department of Defense.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 59: National Endowment for the Arts (Arts and Artifacts Indemnity Program)

Administering organization	Federal Council on the Arts and Humanities
Insurance description	The program provides insurance coverage for losses or damages to artifacts in exhibitions from abroad while traveling in the United States. Such exhibits include artwork, artifacts, or rare documents with educational, cultural, historical, or scientific value that are certified by the U.S. Department of State as being in the national interest. The exhibits may come from foreign state and private museums, and private collections. Any domestic museum that seeks to bring an exhibit into the United States from abroad may apply for coverage of up to \$600 million. Total coverage of all exhibits under the program at any given time may not exceed \$8 billion. By making this insurance coverage available, the program seeks to provide U.S. citizens an opportunity to see exhibits from abroad. At the end of fiscal year 2003, the program had \$4.98 billion in insurance in force on 33 exhibitions that if obtained commercially would have cost exhibitors an estimated \$13.3 million in premiums.
Funding source(s)	<ul style="list-style-type: none"> • Special appropriations that cover claims • Administrative expenses that are absorbed by the National Endowment for the Arts
Total outlays (gross)	<ul style="list-style-type: none"> • \$104,700 for two claims since the program began in 1975. • \$100,000 annually in administrative costs
Obligated balance	• \$0
Unobligated balance	• \$0
Number of FTE employees	• 1

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 59-0100-0-1-503, pp. 1159-1160; and Federal Council on the Arts and Humanities.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 60: Oil Spill Liability Trust Fund

Administering organization	National Pollution Funds Center, U.S. Coast Guard, U.S. Department of Homeland Security
Insurance description	The insurance pays valid claims from parties damaged by oil spills in navigable waters and from onshore production and storage facilities when a responsible party does not pay. The damage must have occurred after August 17, 1990. Costs and damages covered by the fund include uncompensated oil removal costs, damages to natural resources, damages to real or personal property, loss of subsistence, loss of government revenues, and increased costs of public services. Any individual, corporation, or state or local government can present a claim for uncompensated removal costs or damages. The account paid \$50 million to remove 551 oil spills and \$24 million to settle 255 claims in fiscal year 2003. During the same period, over 19,000 vessels and over 1,100 operating companies were regulated through the National Pollution Funds Center.
Funding source(s)	<ul style="list-style-type: none"> Fines and penalties, cost recoveries, and interest on investments
Total outlays (gross)	<ul style="list-style-type: none"> \$76 million
Obligated balance	<ul style="list-style-type: none"> \$123 million
Unobligated balance	<ul style="list-style-type: none"> \$31 million
Number of FTE employees	<ul style="list-style-type: none"> Not available^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 70-8185-0-7-304, p. 495; and U.S. Department of Homeland Security.

^aThe National Pollution Funds Center office had 112 FTEs that administered this and other activities.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 61: Postal Service Fund (Domestic and Foreign Mail Indemnity Claim Fund)

Administering organization	U.S. Postal Service
Insurance description	In addition to its primary purpose of funding various postal activities, the fund supports the activities of the U.S. Postal Service Domestic and Foreign Mail Indemnity Program, under which postal customers can purchase up to \$5,000 of insurance against loss or damage to mailed items. During fiscal year 2003, the U.S. Postal Service processed approximately 270,000 mail indemnity claims.
Funding source(s)	<ul style="list-style-type: none"> • Fees collected from customers
Total outlays (gross)	<ul style="list-style-type: none"> • \$24 million for claims^a
Obligated balance	<ul style="list-style-type: none"> • Not available^b
Unobligated balance	<ul style="list-style-type: none"> • Not available^c
Number of FTE employees	<ul style="list-style-type: none"> • 27 for claims over \$50^d

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 18-4020-0-3-372, pp. 1174-1176; and U.S. Postal Service.

^aTotal outlays (gross) are for the Domestic And Foreign Mail Indemnity Program and not for the entire account.

^bThe obligated balance for the Domestic and Foreign Mail Indemnity Program is not reported separately from the postal service fund account in the budget and is, therefore, not available.

^cThe unobligated balance for the Domestic And Foreign Mail Indemnity Program is not reported separately from The Postal Service Fund account in the budget and is, therefore, not available.

^dClaims for losses or damages of \$50 or less are typically processed and resolved at the windows of the thousands of local post offices throughout the country. The local post offices do not maintain records of the amount of staff time spent processing such claims.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 62: Surety Bond Guarantees Revolving Fund

Administering organization	U.S. Small Business Administration
Insurance description	The fund provides bond guarantees of up to \$2 million to surety companies that enter into construction, service, and supply contracts with contractors that cannot obtain surety bonds through regular commercial channels or otherwise compete in the contracting industry due to such factors as size or newness to the industry. Contractors must meet the surety's bonding qualifications and qualify as a small business. The program will reimburse surety companies up to 90 percent of the losses they sustain if a contractor defaults. In fiscal year 2003, 25 surety companies received bond guarantees.
Funding source(s)	<ul style="list-style-type: none"> • Fees from surety companies, recoveries from defaulting contractors, and appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$9 million
Obligated balance	<ul style="list-style-type: none"> • \$0
Unobligated balance	<ul style="list-style-type: none"> • \$23 million
Number of FTE employees	<ul style="list-style-type: none"> • 25

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 73-4156-0-3-376, p. 1068; and U.S. Small Business Administration.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

**Natural Disaster
Compensation
(Tables 63–65)**

Table 63: Farm Service Agency Salaries and Expenses (Non-Insured Crop Disaster Assistance Program)

Administering organization	Farm Service Agency, U.S. Department of Agriculture
Insurance description	The account provides crop loss protection to producers of crops (of food or fiber) that are not insurable and for which catastrophic natural disaster insurance is unavailable. To be eligible for coverage, among other things, the natural disaster must occur before or during the harvest and must directly affect the crop. Eligible events include drought, tornados, hurricanes, earthquakes, and floods. Conditions related to these events may also be eligible for coverage such as disease or insect infestation. In fiscal year 2003, 63,932 producers were covered.
Funding source(s)	<ul style="list-style-type: none"> • Service fees and the Department of Agriculture, Commodity Credit Corporation
Total outlays (gross)	<ul style="list-style-type: none"> • Not available
Obligated balance	<ul style="list-style-type: none"> • Not available
Unobligated balance	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • Not available^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 12-0600-0-1-351, pp. 103-104; and U.S. Department of Agriculture.

^aStaff in 2,500 U.S. Department of Agriculture Service Centers in all 50 states provide fractional units of administrative time.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 64: Federal Crop Insurance Corporation Fund

Administering organization	Risk Management Agency, U.S. Department of Agriculture
Insurance description	The fund provides crop producers multi-peril and catastrophic crop insurance protection against losses from unavoidable natural events and market fluctuations. Under various insurance plans, producers of wheat, feed grains, soybeans, rice, cotton, and other crops receive protection against revenue losses resulting from low prices, poor yields, or a combination of both. Compensation is provided for losses up to a certain percentage of the expected market price or average crop yield. Premiums charged to producers are partially or fully subsidized, depending on the level of insurance protection obtained. At the end of crop year 2003, the program had \$40,586 billion of insurance in force in 50 states and 3,067 counties.
Funding source(s)	<ul style="list-style-type: none"> • Premium income from farmers and appropriations
Total outlays (gross)	<ul style="list-style-type: none"> • \$4,087 million
Obligated balance	<ul style="list-style-type: none"> • \$120 million
Unobligated balance	<ul style="list-style-type: none"> • \$1,854 million
Number of FTE employees	<ul style="list-style-type: none"> • 568 ceiling

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 12-4085-0-3-351, p. 102; and U.S. Department of Agriculture.

Table 65: National Flood Insurance Fund

Administering organization	Mitigation Division, Federal Emergency Management Agency, U.S. Department of Homeland Security
Insurance description	The fund was created to, among other things, provide federally backed insurance to homeowners, renters, and business owners in flood-prone communities. In exchange for the insurance, eligible communities must adopt and enforce floodplain management ordinances intended to reduce future flood damage. Insurance coverage may be in amounts of up to \$350,000 for residential buildings and \$1 million for other types of buildings. At the end of fiscal year 2003, \$662 billion of flood insurance was in force on 4.4 million policies, covering 20,000 communities. Premium income totaled \$1.9 billion during the fiscal year.
Funding source(s)	<ul style="list-style-type: none"> • Premium and fee income, investment income, and authorization to borrow from the U.S. Treasury
Total outlays (gross)	<ul style="list-style-type: none"> • \$1,097 million
Obligated balance	<ul style="list-style-type: none"> • \$615 million
Unobligated balance	<ul style="list-style-type: none"> • \$1,440 million
Number of FTE employees	<ul style="list-style-type: none"> • 239

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 70-4236-0-4-453, p. 503; and U.S. Department of Homeland Security.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

**Political and War Risk
Insurance
(Tables 66–71)**

Table 66: Aviation Insurance Revolving Fund

Administering organization	Federal Aviation Administration, U.S. Department of Transportation
Insurance description	The insurance covers commercial aircraft that provide essential air service during extraordinary circumstances—such as war and other hostilities—when such insurance is unavailable commercially or under reasonable terms and conditions. The insurance also provides protection for U.S. aircraft used by the U.S. Departments of Defense and State in certain government contract operations. The Federal Aviation Administration provides war risk insurance for (1) aircraft hull loss and (2) passenger and third party liability for damage or destruction of property, personal injury, or death. The insurance covers civil aircraft operations losses above \$50 million and up to \$100 million. As of July 3, 2004, 115 policies were in force. No claims were made or paid in fiscal year 2003.
Funding source(s)	<ul style="list-style-type: none"> • Premiums and fees paid by commercial aircraft owners and income from investments in U.S. Treasury securities
Total outlays (gross)	<ul style="list-style-type: none"> • \$15 million
Obligated balance	<ul style="list-style-type: none"> • \$5 million
Unobligated balance	<ul style="list-style-type: none"> • \$218 million
Number of FTE employees	<ul style="list-style-type: none"> • 3

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 69-4120-0-3-402, pp. 768-769; and U.S. Department of Transportation.

Table 67: Fishermen’s Guaranty Fund

Administering organization	U.S. Department of State
Insurance description	This fund compensates commercial fishermen for financial losses resulting from the seizure of their fishing vessels in a foreign country and for allowed resulting economic losses, including the loss of equipment, confiscation of catch, and loss of fishing time. No claims were filed or paid in fiscal year 2003.
Funding source(s)	<ul style="list-style-type: none"> • No funding requested or received for the fiscal year
Total outlays (gross)	<ul style="list-style-type: none"> • \$0
Obligated balance	<ul style="list-style-type: none"> • \$0
Unobligated balance	<ul style="list-style-type: none"> • \$3 million
Number of FTE employees	<ul style="list-style-type: none"> • Less than one

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 19-5121-0-2-376, p. 758-759; and U.S. Department of State.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 68: Fishermen’s Protective Fund

Administering organization	U.S. Department of State
Insurance description	The fund provides financial compensation for losses to owners of fishing vessels by reimbursing them for fines, fees and other charges they incur to secure the release of their vessels and crews when seized by foreign governments. The fund does not cover seizures by countries at war with the United States or seizures that are in accordance with conventions or treaties between the United States and foreign governments.
Funding source(s)	<ul style="list-style-type: none"> • No funding in fiscal year 2003 and no new budget authority requested for fiscal years 2004 and 2005
Total outlays (gross)	<ul style="list-style-type: none"> • \$0
Obligated balance	<ul style="list-style-type: none"> • \$0
Unobligated balance	<ul style="list-style-type: none"> • \$1 million
Number of FTE employees	<ul style="list-style-type: none"> • Less than one

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 19-5121-0-2-376, p. 758-759; and U.S. Department of State.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 69: Overseas Private Investment Corporation Noncredit Account

Administering organization	Overseas Private Investment Corporation
Insurance description	This account funds political risk insurance for U.S. investors, contractors, exporters, and financial institutions involved in international transactions. The insurance provides protection against asset losses resulting from, among other things, (1) deterioration of a developing country's currency relative to the U.S. dollar that could impede an investor's ability to transfer profits and meet debt obligations; (2) nationalization, confiscation, or expropriation of investments by a foreign government; and (3) war, revolution, insurrection, terrorism, or political strife. The insurance generally covers 90 percent of an investment for up to 20 years. At the end of fiscal year 2003, the program had \$11.9 billion of insurance in force, which was about 41 percent of the statutory limit of \$29 billion. The program has paid about \$1 billion in claims since its origination in 1949.
Funding source(s)	<ul style="list-style-type: none"> Income from political risk insurance premiums and interest income from U.S. Treasury securities and loans
Total outlays (gross)	<ul style="list-style-type: none"> \$76 million
Obligated balance	<ul style="list-style-type: none"> \$63 million
Unobligated balance	<ul style="list-style-type: none"> \$3,608 million
Number of FTE employees	<ul style="list-style-type: none"> 23^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 71-4184-0-3-151, pp. 1012-1013; and Overseas Private Investment Corporation.

^aThe 23 FTEs reported are less than half of the total FTEs for fiscal year 2003 when indirect FTEs are included.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 70: Terrorism Insurance Program

Administering organization	Terrorism Risk Insurance Office, U.S. Department of the Treasury
Insurance description	Through this insurance the federal government, insurers, and policyholders share the risk of property and casualty losses resulting from terrorist acts. Coverage is for fiscal years 2003 through 2005 and is limited to foreign-related terrorist acts, as defined by law, that result in more than \$5 million of property and casualty insurance losses. Under the enacting legislation, generally all insurers must offer coverage (1) to any person or entity that purchases commercial property and casualty insurance coverage within the United States, and (2) for U.S. air carriers and maritime vessels operating outside the United States. If an act of terrorism occurs, the federal government's share is 90 percent of the insured losses that are in excess of an insurer's deductible, with overall insured loss payments subject to an aggregate annual cap of \$100 billion. While no upfront charge is made for the federal government's reinsurance-type coverage under the program, the federal government has mandatory and discretionary authority to recoup the federal share of compensation through subsequent policyholder surcharges.
Funding source(s)	<ul style="list-style-type: none"> • Permanent indefinite appropriation^a
Total outlays (gross)	<ul style="list-style-type: none"> • \$564,000
Obligated balance	<ul style="list-style-type: none"> • \$3.5 million
Unobligated balance	<ul style="list-style-type: none"> • \$4.9 million
Number of FTE employees	<ul style="list-style-type: none"> • 8

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-0123-0-1-376, p. 832; and U.S. Department of the Treasury.

^aThe legislation provides for the mandatory and discretionary recoupment of the federal share of compensation for insured losses through prospective policyholder surcharges, not to exceed 3 percent of the premium charged for the policy's property and casualty coverage, and for the remittance of the surcharges to the Secretary of the Department of the Treasury.

**Enclosure II: Description of Accounts Funding
Federal Insurance Provided to Entities Other
Than the Federal Government**

Table 71: War Risk Insurance Revolving Fund

Administering organization	Maritime Administration, U.S. Department of Transportation
Insurance description	The insurance protects against wartime damage to or loss of, among other things, shipping vessels and their cargo. It also covers the death or injury of vessel crew. The goal of the insurance is to preserve the regular flow of commerce and the availability of merchant vessels for national defense when commercial insurance cannot be obtained on reasonable terms and conditions. When damage or loss occurs, the Maritime Administration initially pays claims, but is then reimbursed by the Department of Defense. In fiscal year 2003, 97 policies were issued. Between September 28, 2001, and April 1, 2004, 315 policies were in force, covering \$10 billion in risk.
Funding source(s)	Premiums, fees, and investment income
Total outlays (gross)	\$50,000
Obligated balance	\$0
Unobligated balance	\$37 million
Number of FTE employees	2

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 69-4302-0-3-403, p. 815; and U.S. Department of Transportation.

Enclosure III: Federal Deposit Insurance, Pension Insurance, and Loan Guarantees

This enclosure lists 64 federal deposit insurance, pension insurance, and loan guarantee activities that, like the activities included in enclosure II, provide federal insurance to entities other than the federal government. The enclosure also provides a description of each of these three categories of insurance, with the activities listed alphabetically under each category by administering organization. We have also included certain quantitative data to provide a perspective on relative size and activity level, including outlays, obligated balances, and unobligated balances for federal deposit insurance and pension insurance and federally guaranteed amounts outstanding for federal loan guarantees.

Federal Deposit and Pension Insurance

Federal deposit insurance protects individual depositors from financial loss should the depository institutions holding their deposits fail. The protection is capped at a maximum dollar amount per individual account and covers deposits in commercial banks, savings associations (thrifts), and most credit unions. Federal deposit insurance is intended to promote U.S. financial stability and prevent bank failures from causing widespread disruption in the financial markets. Federal deposit insurance activities are funded primarily by assessments collected from financial institutions with federal deposit insurance and investment income. Table 72 below provides data on the four federal deposit insurance accounts, three of which are administered by the Federal Deposit Insurance Corporation and one by the National Credit Union Administration.

Pension insurance protects pensioners against loss of benefits if their private sector defined benefit pension plans are terminated or unable to pay benefits. Employers provide defined benefit pension plans and commit to paying employees a specific benefit for life, typically through annuities. Pension plans are sometimes unable to pay benefits if employers underfund them or become insolvent. The federal government provides pension insurance through the Pension Benefit Guaranty Corporation, which covers millions of workers and retirees participating in private sector pension plans. As shown in table 72, the insurance activities of the Pension Benefit Guaranty Corporation are funded through trust funds established in the Pension Benefit Guaranty Corporation Fund, which is administered by the Department of Labor. The account is funded primarily by investment income, appropriations, and premiums collected from employers whose pension plans are insured.

Table 72: Federal Deposit Insurance and Federal Pension Insurance Agencies and Accounts, Fiscal Year 2003

(Dollars in millions)

Accounts	Outlays	Obligated balance	Unobligated balance
Federal Deposit Insurance Accounts			
Federal Deposit Insurance Corporation			
Bank Insurance Fund	\$2,487	\$31,262	\$37
Federal Savings and Loan Insurance Corporation Resolution Fund	\$504	\$3,268	\$2
Savings Association Insurance Fund	\$371	\$11,505	\$4
National Credit Union Administration			
National Credit Union Share Insurance Fund	\$72	\$6,081	(\$277)
Federal Pension Insurance Account			
U.S. Department of Labor			
Pension Benefit Guaranty Corporation Fund	\$2,529	\$12,219	\$98

Source: Appendix, Budget of the United States Government, Fiscal Year 2005.

Federal Loan Guarantees

Federal loan guarantees are intended to reduce the price and increase the availability of credit for particular uses. These agreements involve three parties—a lender, a borrower, and the federal government as guarantor. The lender agrees to provide a loan to the borrower if the federal government agrees to repay a portion or all of the loan should the borrower default. Federal loan guarantees are often funded by fees collected from borrowers and lenders, although many are also funded fully or partially by appropriations. According to the Congressional Budget Office, more than two-thirds of the \$365 billion in new loans the federal government guaranteed in fiscal year 2003 were for home mortgages. Other loan guarantees went to companies in specific sectors, such as the airline, steel, oil, and gas industries.

We identified 59 federally guaranteed loan activities with aggregate federally guaranteed amounts outstanding of at least \$834 billion at the end of fiscal year 2003 (table 73). Many of these activities have up to three accounts associated with them—a liquidating, financing, and/or program account. Government cash flows for loan guarantees may be recorded either in liquidating accounts or financing accounts, depending on whether the guarantees were made before, or on or after October 1, 1991,

respectively. Program accounts are used to record federal administrative and subsidy costs associated with loan guarantees made after 1991. In the table below, we did not separately list each of the accounts associated with the 59 activities. Rather, when more than one account existed, we listed the activity itself and presented the aggregated financial data as appropriate.

Table 73: Federal Guaranteed Loan Activity

Federal Entity		Federally guaranteed amount outstanding at fiscal year-end 2003 (dollars in millions)
Name of the Federal Guaranteed Loan Activity		
U.S. Agency for International Development		
1	Development Credit Authority Guaranteed Loan Accounts	\$28
2	Housing and Other Credit Guaranty Programs	\$1,361
3	Loan Guarantees to Israel Accounts	\$10,789
4	Microenterprise and Small Enterprise Development Guaranteed Loans	\$25
5	Urban and Environmental Credit Program Guaranteed Loans	\$540
Export-Import Bank of the United States		
6	Export-Import Bank Guaranteed Loan Accounts	\$33,502
International Security Assistance		
7	Foreign Military Loan Liquidating Account	\$3,146
8	International Security Assistance Economic Support Fund	N.A. ^a
Overseas Private Investment Corporation		
9	Overseas Private Investment Corporation Guaranteed Loan Accounts	\$3,119
Presidio Trust		
10	Presidio Trust Fund	N.A. ^a
11	Presidio Trust Guaranteed Loan Accounts	\$0
U.S. Small Business Administration		
12	Business Guaranteed Loan Accounts	\$51,525
13	Business Loan Fund Liquidating Account	\$666
14	Disaster Loan Fund Liquidating Account	N.A. ^a
15	Pollution Control Equipment Fund	\$8

**Enclosure III: Federal Deposit Insurance,
Pension Insurance, and Loan Guarantees**

U.S. Department of Agriculture		
16	Agricultural Credit Insurance Fund Guaranteed Loan Accounts	\$9,301
17	Agricultural Resource Conservation Demonstration Guaranteed Loan Accounts	\$12
18	Commodity Credit Corporation Export Guaranteed Loan Accounts	\$3,656
19	Local Television Loan Guarantee Accounts	\$0
20	Rural Business and Industry Guaranteed Loan Accounts	\$3,226
21	Rural Business Investment Program Guarantee Accounts	N.A. ^a
22	Rural Communication Development Fund Liquidating Account	\$4
23	Rural Community Advancement Program	N.A. ^a
24	Rural Community Facility Guaranteed Loan Accounts	\$373
25	Rural Development Insurance Fund Liquidating Account	\$46
26	Rural Electrification and Telecommunication Guaranteed Loan Accounts	\$516
27	Rural Housing Insurance Fund Guaranteed Loan Accounts	\$12,088
28	Rural Water and Waste Disposal Guaranteed Loan Accounts	\$29
U.S. Department of Commerce		
29	Economic Development Revolving Fund Liquidating Account	N.A. ^a
30	Emergency Oil and Gas Guaranteed Loan Accounts	\$2
31	Emergency Steel Guaranteed Loan Accounts	\$156
32	Federal Ship Financing Fund Fishing Vessels Liquidating Account	\$23
33	Fisheries Finance Guaranteed Loan Accounts	\$32
U.S. Department of Defense		
34	Arms Initiative Guaranteed Loan Account	\$24
35	Defense Export Loan Guarantee Accounts	\$0
36	Family Housing Improvement Guaranteed Loan Accounts	\$389
U.S. Department of Education		
37	Federal Family Education Loan Accounts	\$81,448
38	Federal Student Loan Reserve Fund	\$0
U.S. Department of Health and Human Services		
39	Health Center Guaranteed Loan Accounts	\$8

**Enclosure III: Federal Deposit Insurance,
Pension Insurance, and Loan Guarantees**

40	Health Education Assistance Loan Accounts	\$2,345
41	Health Maintenance Organization Loan and Loan Guarantee Fund	\$0
42	Medical Facilities Guarantee and Loan Fund	\$13
U.S. Department of Housing and Urban Development		
43	Community Development Loan Guarantees Accounts	\$2,230
44	FHA General and Special Risk Guaranteed Loan Accounts	\$72,048
45	FHA General and Special Risk Insurance Funds Liquidating Account	\$17,070
46	FHA-Loan Guarantee Recovery Fund Accounts	\$5
47	FHA Mutual Mortgage and Cooperative Housing Insurance Funds Liquidating Account	\$24,952
48	FHA Mutual Mortgage Insurance Guaranteed Loan Accounts	\$382,234
49	Indian Federal Guarantees Accounts	\$71
50	Indian Housing Loan Guarantee Fund Accounts	\$61
51	Low-Rent Public Housing—Loans	\$1,916
52	Native Hawaiian Housing Loan Guarantee Fund	\$0
U.S. Department of the Interior		
53	Indian Guaranteed Loan Accounts	\$274
54	Indian Loan Guaranty and Insurance Fund Liquidating Account	\$13
U.S. Department of Transportation		
55	Federal Ship Financing Fund Liquidating Account	\$78
56	Maritime Guaranteed Loan Title XI Accounts	\$3,465
57	Minority Business Resource Center Guaranteed Loan Accounts	\$7
U.S. Department of the Treasury		
58	Air Transportation Stabilization Guaranteed Loan Accounts	\$1,473
U.S. Department of Veterans Affairs		
59	Housing Guaranteed Loan Accounts (Veterans)	\$110,109
Totals		\$834,406

Source: Appendix, Budget of the United States Government, Fiscal Year 2005.

*Data are not available

Enclosure IV: Description of Accounts With Federal Self-Insurance Activity

This enclosure describes 22 federal self-insurance activities with outlays in fiscal year 2003. The activities involve expenditures for damages to government property and losses associated with litigation and claims, including compensation for employment discrimination. As we have noted, less information is generally available for these activities than for others we identified because the federal budget does not generally report them separately from activities related to the agency's overall mission or operations.

We identify the activities in this enclosure by the name of the budget account that funds them. The information is from budget documents, agency officials, agency annual reports, and agency Websites. However, given the lack of detailed information in the budget, we obtained most of the quantitative data from agency officials. These data are for fiscal year 2003, unless otherwise indicated.

The self-insurance activities in this enclosure are presented alphabetically by administering organization and include the following information: (1) administering organization(s), (2) insurance description, (3) outlays, and (4) number of full-time equivalent (FTE) employees.

Agency for International Development (Table 74)

Table 74: Operating Expenses of the United States Agency for International Development

Administering organization	U.S. Agency for International Development
Insurance description	In addition to the account's primary purpose of funding the operations and salaries of the agency, the account pays insurance claims and legal settlements related to personal property loss or damage caused by foreign service personnel. For personal property claims, the federal government is liable for up to \$40,000 per claim or up to \$100,000 if the loss or damage occurred under emergency circumstances. The Secretary of State may waive the limitations under exceptional circumstances.
Outlays	<ul style="list-style-type: none"> • Less than \$1 million
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: Appendix, *Budget of the United States Government, Fiscal Year 2005*, account identification code 72-1000-0-1-151, p. 1001; and U.S. Agency for International Development.

Securities and Exchange
Commission
(Table 75)

Table 75: Securities and Exchange Commission, Salaries and Expenses

Administering organization	U.S. Securities and Exchange Commission
Insurance description	In addition to its primary purpose of funding the administration and enforcement of federal securities laws and maintaining fair, honest, and efficient markets, this account pays for insurance claims and indemnities, including claims filed against the Securities and Exchange Commission by its employees for damages from auto accidents and lawsuits.
Outlays	• \$948,000
Number of FTE employees	• 1-2

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 50-0100-0-1-376, pp. 1182-1183; and U.S. Securities and Exchange Commission.

Social Security
Administration
(Table 76)

Table 76: Social Security Administration, Limitation on Administrative Expenses

Administering organization	U.S. Social Security Administration
Insurance description	In addition to its primary purpose of paying the expenses to administer benefit programs, including the Old Age and Survivors Insurance, Disability Insurance, and Supplemental Security Income programs, the account funds insurance claims and indemnities. These include annual payments to the Department of Labor for administering workers compensation claims for Social Security Administration employees and payment of attorney fees under the Equal Access to Justice Act. ^a
Outlays	• \$20 million
Number of FTE employees	• Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 28-8704-0-7-651, p. 1083; and U.S. Social Security Administration.

^aCodified at 5 U.S.C. § 504.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

**U.S. Department of
Agriculture
(Tables 77–79)**

Table 77: Capital Improvement and Maintenance

Administering organization	Forest Service, U.S. Department of Agriculture
Insurance description	In addition to its primary purpose of funding the construction, reconstruction, maintenance, and acquisition of Forest Service facilities, the account funds insurance claims and indemnities covering personal injuries to Forest Service employees, damage to or destruction of Forest Service vehicles or other property, and equal employment opportunity claims.
Outlays	<ul style="list-style-type: none"> Approximately \$700,000 for insurance claims and indemnities
Number of FTE employees	<ul style="list-style-type: none"> Approximately 20 for 3 accounts^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 12-1103-0-1-302, pp. 180-182; and U.S. Department of Agriculture.

^aThe Department of Agriculture could not separately report the FTEs for the self-insurance activities of three accounts: (1) Forest Service, Capital Improvement and Maintenance; (2) Wildland Fire Management; and (3) National Forest System.

Table 78: Wildland Fire Management

Administering organization	Forest Service, U.S. Department of Agriculture
Insurance description	In addition to its primary purpose of funding U.S. Forest Service fire management and suppression efforts, the account funds insurance claims and indemnities covering personal injuries to Forest Service employees, damage to or destruction of Forest Service vehicles or other property, and equal employment opportunity claims.
Outlays	<ul style="list-style-type: none"> Approximately \$700,000 for insurance claims and indemnities
Number of FTE employees	<ul style="list-style-type: none"> Approximately 20 for 3 accounts^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 12-1115-0-1-302, pp. 184-186; and U.S. Department of Agriculture.

^aThe Department of Agriculture could not separately report the FTEs for the self-insurance activities of three accounts: (1) Forest Service, Capital Improvement and Maintenance; (2) Wildland Fire Management; and (3) National Forest System.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

Table 79: National Forest System

Administering organization	Forest Service, U.S. Department of Agriculture
Insurance description	In addition to its primary purpose of funding the Forest Service's expenses for managing, protecting, improving, and utilizing the national forest system, the account funds insurance claims and indemnities for personal injuries to Forest Service employees, damage to or destruction of Forest Service vehicles or other property, and equal employment opportunity claims.
Outlays	<ul style="list-style-type: none"> • \$1.7 million
Number of FTE employees	<ul style="list-style-type: none"> • Approximately 20 for 3 accounts^a

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 12-1106-0-1-302, pp. 179-180; and U.S. Department of Agriculture.

^aThe Department of Agriculture could not separately report the FTEs for the self-insurance activities of three accounts: (1) Forest Service, Capital Improvement and Maintenance; (2) Wildland Fire Management; and (3) National Forest System.

**U.S. Department of
Defense
(Table 80)**

Table 80: Revolving Fund

Administering organization	U.S. Army Corps of Engineers, U.S. Department of Defense
Insurance description	In addition to its primary purpose of funding the acquisition, operation, and maintenance of plant and equipment used in Corps of Engineers civil works projects, the account provides resources for insurance claim and indemnity activities that cover, among other things, damage to and by Corps of Engineers' plant and equipment. The insurance is funded by premiums paid by users of the fund's assets. Fund users include civil works projects such as flood control and navigation projects that are serviced by fund assets. Assets include buildings, cranes, boats, and various types of vehicles.
Outlays	<ul style="list-style-type: none"> • Approximately \$633,000 for insurance claim and indemnity activities
Number of FTE employees	<ul style="list-style-type: none"> • Approximately 1

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 96-4902-0-4-301, pp. 917-918; and U.S. Department of Defense.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

**U.S. Department of Health
and Human Services
(Tables 81–82)**

Table 81: Food and Drug Administration, Salaries and Expenses

Administering organization	Food and Drug Administration, U.S. Department of Health and Human Services
Insurance description	In addition to its primary purpose of paying the salaries and operating expenses of the Food and Drug Administration, the account pays (1) claims submitted by Food and Drug Administration civilian employees for injuries, deaths, and property loss or damage associated with work-related duties and (2) settlements of claims under equal employment opportunity laws. The Food and Drug Administration had 9,691 civilian employees in fiscal year 2004.
Outlays	• \$2.8 million for claims and settlements
Number of FTE employees	• 2

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-9911-0-1-554, p. 422; and U.S. Department of Health and Human Services.

Table 82: Substance Abuse and Mental Health Services Administration

Administering organization	Substance Abuse and Mental Health Services Administration, Department of Health and Human Services
Insurance description	In addition to funding the account's primary purpose of helping people recover from substance abuse and mental illnesses, the account pays insurance claims and indemnities that include compensation for personal injury or death and attorney fees for claims under the Equal Access to Justice Act. ^a The fund paid about 76 claims in fiscal year 2003.
Outlays	• \$1.8 million for workers compensation, Equal Access to Justice Act, and other claims
Number of FTE employees	• Less than 1

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 75-1362-0-1-551, p. 440; and U.S. Department of Health and Human Services.

^a5 U.S.C. § 504.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

**U.S. Department of
Homeland Security
(Tables 83–86)**

Table 83: Customs and Border Protection

Administering organization	Customs and Border Protection, U.S. Department of Homeland Security
Insurance description	U.S. Customs and Border Protection self-insures for obligations resulting from property damage that occurs during customs inspections. The agency pays up to \$1,000 for each incident for which it is determined to be negligent or otherwise liable, subject to the provisions of the Federal Tort Claims Act ^a . Negligence would not be attributed to damages that are the necessary or unavoidable result of conducting an inspection but could be attributed to damages that are incidental to an inspection. For example, the agency would not be liable for damages to a car's gasoline tank that resulted from dismantling it to determine whether contraband was inside, but could be liable for damages to the car's brakes that occurred during the dismantling of the gas tank. About two hundred self-insurance payments were made in fiscal year 2003. The payments accounted for 0.1 percent of the account's total outlays (gross) of \$5,294 million in fiscal year 2003.
Outlays	• \$600,000
Number of FTE employees	• Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 70-0350-0-1-999, pp. 478-479; and U.S. Department of Homeland Security.

^aCh. 753, Title IV, 60 Stat. 842 (Aug. 2, 1946) (current version codified in scattered sections of title 28, United States Code).

Table 84: Citizenship and Immigration Services

Administering organization	Citizenship and Immigration Services, U.S. Department of Homeland Security
Insurance description	In addition to its primary purpose of funding activities related to the legal immigration of people seeking to enter, reside, and/or work in the United States, the account funds insurance claim and indemnity activities that consist of paying equal employment opportunity and contractor claim settlements and related attorney fees. In fiscal year 2003, 3 equal employment opportunity claims, and 11 attorney fee awards were paid.
Outlays	• \$600,000 in fee payments
Number of FTE employees	• Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 70-0300-0-1-751, pp. 474-475; and U.S. Department of Homeland Security.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

Table 85: Federal Protective Service

Administering organization	Federal Protective Service, U.S. Department of Homeland Security
Insurance description	In addition to its primary purpose of providing funding for policing, securing, and insuring a safe environment for over 8,800 federal facilities nationwide, the account funds insurance claim and indemnity activity that consists of paying tort claims for damages caused by Federal Protective Service employees or equipment. The account provides coverage for all 1,453 Federal Protective Service employees.
Outlays	<ul style="list-style-type: none"> • \$115,047 for damage claims
Number of FTE employees	<ul style="list-style-type: none"> • Approximately 1

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 70-0542-0-1-804, pp. 482-483; and U.S. Department of Homeland Security.

Table 86: United States Coast Guard Operating Expenses

Administering organization	U.S. Coast Guard, U.S. Department of Homeland Security
Insurance description	In addition to its primary purpose of funding U.S. Coast Guard general operating and maintenance expenses, the account funds benefit payments to eligible military and civilian Coast Guard employees from the social insurance and federal retirement trust funds. The account also pays for settlements of equal employment opportunity claims. All 39,219 Coast Guard employees in fiscal year 2003 were covered by the insurance.
Outlays	<ul style="list-style-type: none"> • \$1.6 million in claims
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 70-0610-0-1-999, pp. 488-489; and U.S. Department of Homeland Security.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

**U.S. Department of
Interior
(Tables 87–88)**

Table 87: Resource Management

Administering organization	Fish and Wildlife Service, U.S. Department of the Interior
Insurance description	In addition to its primary purpose of funding the operations of the U.S. Fish and Wildlife Service, the account funds insurance claim and indemnity activities including vehicle tort, equal employment opportunity, and human resource claim settlements. In fiscal year 2003, 31 individuals received professional liability payments, 11 individuals or firms received indemnity or settlement claim payments, and about 35 individuals or insurance companies received vehicle tort claim payments.
Outlays	<ul style="list-style-type: none"> • \$533,048 for professional liability and indemnity or settlement claims
Number of FTE employees	<ul style="list-style-type: none"> • Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 14-1611-0-1-302, pp. 602-603; and U.S. Department of the Interior.

Table 88: Natural Resource Damage Assessment Fund

Administering organization	Natural Resource Damage Assessment and Restoration Program Office, U.S. Department of the Interior
Insurance description	The account funds the restoration of natural resources entrusted to the Department of the Interior that have been injured as a result of oil spills or hazardous substance releases. Account activities include assessing the injury to natural resources and negotiating legal settlements or taking other legal actions against the responsible parties. Settlement funds are used to restore the injured resources at no expense to taxpayers.
Outlays	<ul style="list-style-type: none"> • Not available
Number of FTE employees	<ul style="list-style-type: none"> • 4

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 14-1618-0-1-302, pp. 641-642; and U.S. Department of the Interior.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

**U.S. Department of Justice
(Tables 89–90)**

Table 89: Drug Enforcement Administration, Salaries and Expenses

Administering organization	Drug Enforcement Administration, U.S. Department of Justice
Insurance description	In addition to its primary purpose of funding necessary expenses of the Drug Enforcement Administration, including salaries, training, and data processing and communications equipment, this account pays for property damages, agency adjudicated awards, litigated awards, and settlements. Examples include awards for cases filed under the Equal Access to Justice Act, ^a automobile repair expenses, and automobile collision damages. Claims of \$2,500 or less are paid by the Drug Enforcement Administration, and claims of over \$2,500 are paid by the Department of Treasury Judgment Fund. In fiscal year 2003, 235 claims were paid.
Outlays	<ul style="list-style-type: none"> \$734,743 for Equal Access to Justice Act awards and property, auto repair, and auto collision damages
Number of FTE employees	<ul style="list-style-type: none"> 11 employees spend part of their time on the account's insurance activities

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 15-110-0-1-751, p. 687; and U.S. Department of Justice.

^a5 U.S.C. § 504.

Table 90: Federal Prison System

Administering organization	Federal Prison System, U.S. Department of Justice
Insurance description	In addition to its primary purpose of funding the administration, operation, and maintenance of federal penal and correctional institutions, this account pays insurance claims and indemnities, including those related to property damage, personal injury or death, attorney fees, and settlements and awards.
Outlays	<ul style="list-style-type: none"> Not available^a
Number of FTE employees	<ul style="list-style-type: none"> Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 15-1060-0-1-753, pp. 689-691; and U.S. Department of Justice.

^aThe account had \$1.4 million in fiscal year 2003 obligations.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

**U.S. Department of
Transportation
(Table 91)**

Table 91: Vessel Operations Revolving Fund

Administering organization	Maritime Administration, U.S. Department of Transportation
Insurance Description	In addition to its primary purpose of funding the operations and maintenance of Department of Transportation-owned merchant ships to meet shipping needs during national emergencies, the department self-insures the ships through this account. The account also pays claims resulting from sickness and/or personal injuries of the crew while serving on the vessels.
Outlays	Approximately \$724,000 for 12 sickness and injury claims
Number of FTE employees	• Approximately 1

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 69-4303-0-3-403, p. 814; and U.S. Department of Transportation.

**U.S. Department of the
Treasury
(Tables 92–95)**

Table 92: Claims, Judgments, and Relief Acts (Judgment Fund)

Administering organization	Financial Management Service, U.S. Department of the Treasury
Insurance description	This fund was established to pay large judgments, awards or settlements for violations of certain federal laws by other federal agencies. The account exists to make prompt payments when federal agencies generally cannot finance large payments in the year that the judgments, awards, or settlements are required. The account also serves to reduce interest or other costs to the government that would otherwise accrue if payments were delayed until agency appropriations were available. Agencies are required to reimburse the judgment fund from their available appropriations. During fiscal years 2003, the fund incurred expenses of \$1,010 million that included \$718 million in court judgments and \$290 million for claims in contract disputes that were administratively adjudicated. The fund also incurred claims for damages of about \$2 million.
Funding source(s)	• Permanent indefinite appropriation
Outlays	• \$1,091 million
Number of FTE employees	• 20

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-1895-0-1-808, p. 845; and U.S. Department of the Treasury.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

Table 93: Processing, Assistance, and Management

Administering organization	Internal Revenue Service, U.S. Department of the Treasury
Insurance description	In addition to its primary purpose of providing funds for such activities as processing tax returns, assisting taxpayers, and issuing technical rulings, the account funds insurance claim and indemnity activities that consist of, among other things, indemnity payments; awards, judgments, and settlements, including those related to equal employment opportunity; attorney fees; and administrative relief of loss which represents authority to resolve a physical loss or deficiency. About 100–300 tort claims are paid annually.
Outlays	• \$1 million
Number of FTE employees	• Approximately 1

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-0912-0-1-803, pp. 856-857; and U.S. Department of the Treasury.

Table 94: Tax Law Enforcement

Administering organization	Internal Revenue Service, U.S. Department of the Treasury
Insurance description	In addition to its primary purpose of funding activities such as establishing tax liabilities, providing departmental litigation support, and conducting enforcement activities, the account funds insurance claim and indemnity activities that consist of, among other things, indemnity payments; awards, judgments and settlements, including those related to equal employment opportunity; attorney fees; and administrative relief of loss, which represents authority to resolve a physical loss or deficiency. About 100–300 tort claims are paid annually.
Outlays	• \$1 million
Number of FTE employees	• Approximately 1

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-0913-0-1-999, pp. 857-859; and U.S. Department of the Treasury.

**Enclosure IV: Description of Accounts With
Federal Self-Insurance Activity**

Table 95: Payment of Government Losses in Shipment

Administering organization	U.S. Department of the Treasury
Insurance description	This account self-insures the federal government against losses that occur during shipments of valuable U.S. Government property such as coins, currency, and securities, and losses in connection with the redemption of U.S. savings bonds. The account also insures against certain losses regarding lost, damaged, or destroyed stamps, securities, obligations, or money incurred by the U.S. Postal Service while acting on behalf of the Treasury Department. The account pays approximately 150 claims annually.
Funding source(s)	<ul style="list-style-type: none">• Appropriations
Outlays	<ul style="list-style-type: none">• \$1 million
Number of FTE employees	<ul style="list-style-type: none">• Not available

Sources: *Appendix, Budget of the United States Government, Fiscal Year 2005*, account identification code 20-1710-0-1-803, p. 855; and U.S. Department of the Treasury.

Enclosure V: Listing of All Accounts with Federal Insurance Activity

This enclosure lists the 157 federal insurance activities that are presented in enclosures II, III, and IV. The list is organized alphabetically by administering organization. Its purpose is to provide a perspective on the diversity of insurance activities that we identified and the 30 federal organizations that administer them.

Administrative Office of the U.S. Courts

Judicial Officers' Retirement Fund
Judicial Survivors' Annuities Fund
United States Court of Federal Claims Judges' Retirement Fund

U.S. Agency for International Development

Development Credit Authority Guaranteed Loan Accounts
Housing and Other Credit Guaranty Programs
Loan Guarantees to Israel Accounts
Microenterprise and Small Enterprise Development Guaranteed Loans
Operating Expenses of the Agency for International Development
(self-insurance)
Urban and Environmental Credit Program Guaranteed Loans

U.S. Central Intelligence Agency

Central Intelligence Agency Retirement and Disability System Fund

Export-Import Bank of the United States

Export-Import Bank Guaranteed Loan Accounts

Federal Council on the Arts and Humanities

National Endowment for the Arts (Arts and Artifacts Indemnity Program)

Federal Deposit Insurance Corporation

Bank Insurance Fund
FSLIC Resolution Fund
Savings Association Insurance Fund

International Security Assistance

Foreign Military Loan Liquidating Account
International Security Assistance Economic Support Fund

National Credit Union Administration

National Credit Union Share Insurance Fund

U.S. Office of Personnel Management

Civil Service Retirement and Disability Fund
Employees and Retired Employees Health Benefit Funds

Overseas Private Investment Corporation

Overseas Private Investment Corporation Guaranteed Loan Accounts
Overseas Private Investment Corporation Noncredit Account

Presidio Trust

Presidio Trust Fund
Presidio Trust Guaranteed Loan Accounts

U.S. Railroad Retirement Board

Railroad Industry Pension Fund
Railroad Unemployment Insurance Trust Fund

U.S. Securities and Exchange Commission

Securities and Exchange Commission, Salaries and Expenses (self-insurance)

U.S. Small Business Administration

Business Guaranteed Loan Accounts
Business Loan Fund Liquidating Account
Disaster Loan Fund Liquidating Account
Pollution Control Equipment Fund
Surety Bond Guarantees Revolving Fund

U.S. Social Security Administration

Federal Disability Insurance Trust Fund
Federal Old Age and Survivors Insurance (Social Security)
Social Security Administration, Limitation on Administrative Expenses
(self-insurance)
Special Benefits for Certain World War II Veterans

U.S. Department of Agriculture

Agricultural Credit Insurance Fund Guaranteed Loan Accounts
Agricultural Credit Insurance Program Account (Dairy Indemnity
Program)
Agricultural Resource Conservation Demonstration Guaranteed Loan
Accounts
Animal and Plant Health Inspection Service (disease control
compensation)
Capital Improvement and Maintenance (self-insurance)
Commodity Credit Corporation Export Guaranteed Loan Accounts
Farm Service Agency Salaries and Expenses (Non-Insured Crop Disaster
Assistance Program)
Federal Crop Insurance Corporation Fund
Local Television Loan Guarantee Accounts
National Forest System (self-insurance)
Rural Business and Industry Guaranteed Loan Accounts
Rural Business Investment Program Guarantee Accounts
Rural Communication Development Fund Liquidating Account
Rural Community Advancement Program
Rural Community Facility Guaranteed Loan Accounts
Rural Development Insurance Fund Liquidating Account
Rural Electrification and Telecommunication Guaranteed Loan Accounts
Rural Housing Insurance Fund Guaranteed Loan Accounts
Rural Water and Waste Disposal Guaranteed Loan Accounts
Wildland Fire Management (self-insurance)

U.S. Department of Commerce

Economic Development Revolving Fund Liquidating Account
Emergency Oil and Gas Guaranteed Loan Accounts
Emergency Steel Guaranteed Loan Accounts
Federal Ship Financing Fund Fishing Vessels Liquidating Account
Fisheries Finance Guaranteed Loan Accounts
Fishermen's Contingency Fund

U.S. Department of Defense

Arms Initiative Guaranteed Loan Account
Defense Export Loan Guarantee Accounts
Family Housing Improvement Guaranteed Loan Accounts
Homeowners Assistance Fund
Military Personnel, Air Force (death gratuity)
Military Personnel, Army (death gratuity)
Military Personnel, Marine Corps (death gratuity)
Military Personnel, Navy (death gratuity)
Military Retirement Fund
National Guard Personnel, Air Force (death gratuity)
National Guard Personnel, Army (death gratuity)
Reserve Personnel, Air Force (death gratuity)
Reserve Personnel, Army (death gratuity)
Reserve Personnel, Marine Corps (death gratuity)
Reserve Personnel, Navy (death gratuity)
Revolving Fund (self-insurance)
Uniformed Services Retiree Health Care Fund

U.S. Department of Education

Federal Family Education Loan Accounts
Federal Student Loan Reserve Fund

U.S. Department of Health and Human Services

Federal Hospital Insurance Trust Fund (Medicare Part A)
Federal Supplementary Medical Insurance Trust Fund (Medicare Part B)
Food and Drug Administration, Salaries and Expenses (self-insurance)
Health Center Guaranteed Loan Accounts
Health Education Assistance Loan Accounts
Health Maintenance Organization Loan and Loan Guarantee Fund
Health Resources and Services General and Special Funds (Medical
Malpractice Claims Fund)
Medical Facilities Guarantee and Loan Fund
Payments to Health Care Trust Funds
Public Health and Social Services Emergency Fund (Smallpox Injury
Compensation)
Retirement Pay and Medical Benefits for Commissioned Officers (Public
Health Service)
State Children's Health Insurance Fund

Substance Abuse and Mental Health Services Administration
(self-insurance)
Transitional Drug Assistance, Federal Supplementary Medical Assistance
Trust Fund
Vaccine Injury Compensation
Vaccine Injury Compensation Program Trust Fund

U.S. Department of Homeland Security

Customs and Border Protection (self-insurance)
Citizenship and Immigration Services (self-insurance)
Federal Protective Service (self-insurance)
National Flood Insurance Fund
Oil Spill Liability Trust Fund
United States Coast Guard Operating Expenses (self-insurance)
Retired Pay (U.S. Coast Guard)

U.S. Department of Housing and Urban Development

Community Development Loan Guarantees Accounts
FHA General and Special Risk Guaranteed Loan Accounts
FHA General and Special Risk Insurance Funds Liquidating Account
FHA-Loan Guarantee Recovery Fund Accounts
FHA Mutual Mortgage and Cooperative Housing Insurance Funds
Liquidating Account
FHA Mutual Mortgage Insurance Guaranteed Loan Accounts
Indian Federal Guarantees Accounts
Indian Housing Loan Guarantee Fund Accounts
Low-Rent Public Housing—Loans
Native Hawaiian Housing Loan Guarantee Fund

U.S. Department of the Interior

Indian Guaranteed Loan Accounts
Indian Loan Guaranty and Insurance Fund Liquidating Account
Natural Resource and Damage Assessment Fund (self-insurance)
Resource Management (self-insurance)

U.S. Department of Justice

Drug Enforcement Administration, Salaries and Expenses (self-insurance)
Federal Prison System (self-insurance)
Public Safety Officers' Benefits

U.S. Department of Labor

Black Lung Disability Trust Fund
Energy Employees Occupational Illness Compensation Fund
Pension Benefit Guaranty Corporation Fund—Multi- and Single-Employer
Program
Special Benefits (Federal Employees)
Special Benefits for Disabled Coal Miners
Special Workers' Compensation Expenses
Unemployment Trust Fund

U.S. Department of State

Fishermen's Guaranty Fund
Fishermen's Protective Fund
Foreign Service Retirement and Disability Fund

U.S. Department of Transportation

Aviation Insurance Revolving Fund
Federal Ship Financing Fund Liquidating Account
Maritime Guaranteed Loan Title XI Accounts
Minority Business Resource Center Guaranteed Loan Accounts
Vessel Operations Revolving Fund (self-insurance)
War Risk Insurance Revolving Fund (maritime)

U.S. Department of the Treasury

Air Transportation Stabilization Guaranteed Loan Accounts
Check Forgery Insurance Fund
Claims, Judgments, and Relief Acts (Judgment Fund, self-insurance)
District of Columbia Federal Pension Liability Trust Fund (and Federal
Supplemental District of Columbia Fund)
District of Columbia Judicial Retirement and Survivors Annuity Fund
Processing, Assistance, and Management (self-insurance)
Tax Law Enforcement (self-insurance)
Payment of Government Losses in Shipment (self-insurance)
Terrorism Insurance Program

U.S. Department of Veterans Affairs

Burial Benefits (Veterans)
Disability Compensation Benefits (Veterans)

**Enclosure V: Listing of All Accounts with
Federal Insurance Activity**

Housing Guaranteed Loan Accounts (Veterans)
Insurance Benefits (Veterans Mortgage Life Insurance)
National Service Life Insurance Fund (Veterans)
Pension Benefits (Veterans)
Service-Disabled Veterans Insurance Fund
United States Government Life Insurance Fund (Veterans)
Veterans Reopened Insurance Fund
Veterans Special Life Insurance Fund

U.S. Postal Service

Postal Service Fund (Domestic and Foreign Mail Indemnity Claim Fund)

Enclosure VI: GAO Contacts and Staff Acknowledgments

GAO Contacts

Richard J. Hillman, (202) 512-9073
Lawrence D. Cluff, (202) 512-8023

Staff Acknowledgments

In addition to the individuals named above, Chris Bonham, Emily Chalmers, Marc Molino, Angela Pun, Carl Ramirez, Linda Rego, Steve Ruszczyk, Melvin Thomas, and Cecile Trop made key contributions to this report.

This is a work of the U.S. government and is not subject to copyright protection in the United States. It may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select "Subscribe to Updates."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Gloria Jarmon, Managing Director, JarmonG@gao.gov (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, D.C. 20548

Public Affairs

Paul Anderson, Managing Director, AndersonP1@gao.gov (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, D.C. 20548