

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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APR 8 1980

Honorable John F. Ahearne
Chairman
Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Chairman:

In 1978, in response to the Federal Government's increasing need to analyze and coordinate its approaches to insurance problems and issues, the Secretary of Commerce established an Interagency Council on Accident Compensation and Insurance composed of the representatives of 16 departments and agencies.

One of the Council's first tasks was to prepare a partial inventory of Federal insurance programs and initiatives taking place within the member agencies.

It is now necessary to complete those inventories, broaden them to include all significant agencies and to obtain supplemental information in order to round out our basic knowledge of Federal programs and capacities. Because the Nuclear Regulatory Commission, while not a member of the Council, is involved with important insurance activities, I am requesting your assistance in this matter.

I am enclosing the two papers which constitute the presently existing partial inventory. They are illustrative of the kind of information we now need from your agency. Would you please inform us in a similar manner of the programs and initiatives which you are now carrying out.

The supplementary data we are gathering is as follows:

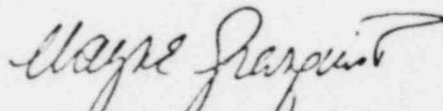
1. The office name, its head, and telephone number for each unit responsible for one or more insurance programs, initiatives, or coordinative functions in your agency. Also, the same information and a brief description of the function it performs for any organizational unit which has ongoing contact with state insurance regulators or the insurance industry, even though it does not operate an insurance program.

2. The name, title, address and telephone number of one or two persons in your agency who are (a) certified actuaries; (b) substantially experienced in underwriting; or (c) expert in tort or accident compensation law. We may wish to request their advice or assistance on an ad hoc basis.
3. The name, title, address and telephone number of a person whom you designate as the contact point for the Department for insurance-related matters.

I would appreciate it if your agency's response were forwarded to Mr. Oliver Taylor, Management Improvement and Evaluation Division, Room 10235, New Executive Office Building, Washington, D. C. 20503, by April 25. Please direct any questions to Mr. Taylor at 395-3541.

We will send you the new inventory and directory as soon as they are completed. Thank you very much for your cooperation.

Sincerely,



Wayne G. Granquist
Associate Director for
Management and Regulatory Policy

Enclosures

INTERAGENCY COUNCIL ON
ACCIDENT COMPENSATION & INSURANCE
PARTIAL INVENTORY OF CURRENT FEDERAL
ACCIDENT COMPENSATION AND INSURANCE
INITIATIVES AND PROGRAMS

- 1979 -

This inventory of current federal accident compensation and insurance initiatives and programs is not complete. Rather, it is illustrative of the broad range of issues in which the various federal agencies and Departments are involved.

The inclusion of an item in the inventory does not imply that the topics will necessarily be introduced or supported by either the Department or the Administration.

INTERAGENCY COUNCIL ON ACCIDENT COMPENSATION
AND INSURANCE:

PARTIAL INVENTORY OF CURRENT FEDERAL
ACCIDENT COMPENSATION AND INSURANCE
INITIATIVES AND PROGRAMS

COMMERCE

1. Model Uniform Product Liability Law. Prepared a model code for use by the states which will address the major legal issues that have arisen in product liability litigation. The First Draft was published for public comment in January 1979 (44 Federal Register 2996). *Final draft 10/31/79.*
2. Product Liability Self-Insurance Bill. Prepared self-insurance legislation that utilizes a risk retention group approach. At present, the bill is circulating for agency comment.
3. Product Liability in the Workplace. Preparing a legislative provision to address product liability problems that arise in the workplace. The provision will be submitted to Labor for potential use in any federal Worker Compensation reform efforts.
4. Product Liability Insurance. Preparing a report that will explore whether product liability rates and premiums can more closely reflect actual product risk. It also will detail what the insurance industry and state regulators have done to address the product liability problem.
5. Municipal Self Fire Insurance. The U. S. Fire Administration's National Fire Safety and Research Office has awarded a grant to the Institute for Local Self Government to study the feasibility of municipal self fire insurance. The purpose of the grant is to determine if a municipality could more efficiently bring together the entire system of fire prevention and fire indemnification so owners/taxpayers could avoid paying twice and directly enjoy the benefits of their built-in fire suppression systems or the high quality of their fire departments.

COUNCIL OF ECONOMIC ADVISORS

No studies, programs, or legislative initiatives.

COUNCIL ON ENVIRONMENTAL QUALITY

The Council on Environmental Quality (CEQ) chairs a subcommittee of the Toxic Substances Strategy Committee. That unit is developing a work plan for a report dealing with chemical emergencies to be included in the Strategy Committee's report to the President in January or February of 1979. Areas such as liability and compensation for clean-up and subsequent restoration of environmentally damaged areas may be included in the report.

DEFENSE DEPARTMENT

As the Defense Department is one of the largest government contractors, it must define policy on liability and acceptance standards in contracting. The Department is also the largest federal employer and therefore is involved in monitoring accident, disability and workmen's compensation programs for both military and civilian employees. The Department also runs a large health care and health research system. These are numerous issues related to malpractice and liability as the result of their research activities.

ENVIRONMENTAL PROTECTION AGENCY

1. Under a recent amendment to section 311 of the Clean Water Act, the Administrator of the EPA is required within 18 months after enactment to: "Conduct a study and report on methods, mechanisms, and procedures to create incentives to achieve a higher standard of care in all aspects of the management and movement of hazardous substances...."

Among the items to be considered in this study are the dimensions and limitations of liability in regard to the management and movement of hazardous substances.

2. Under section 25 of the Toxic Substances Control Act of 1976, EPA is required to complete a study on indemnification questions by January 1, 1979. The study covers all federal laws administered by EPA to determine if any person should be provided indemnification because of actions taken by EPA under any law.

FEDERAL TRADE COMMISSION

1. Privacy. Enforces the Fair Credit Reporting Act (FCRA). This Act affects insurance institutions only when they use consumer reporting organizations: in such instances, insurance companies are required to give notices of intent to have a personal investigation performed.
2. Health Insurers Cost Control Study. This study, which should be completed in the spring of 1979, will determine whether an antitrust exemption would allow the insurance industry to control health care costs more efficiently.
3. Insurance Discrimination. Exploring insurance companies' justification for drawing territory lines to be used as a rating category; a report to the Commission is expected in early 1979. Will also conduct research concerning the impact of alternative regulatory approaches to banning discrimination (e.g., use of age, sex, marital status, and territories as rating categories); contractor assistance is presently being sought.
4. Blue Shield Physician Control Project. Entails an in-depth investigation of physician and medical society control of Blue Shield plans; staff recommendations are expected soon. Coordinated with related work at HEW.
5. Insurance Mergers. Proposed that a joint insurance merger study be conducted by the National Association of Insurance Commissioners (NAIC) and the FTC in order to profile the problem of insurance mergers and to analyze how the Federal Government and the states might share the responsibility for insurance merger regulation.
6. Medicare Supplement Insurance ("Medigap"). Released a report in July 79 describing consumer information problems in the market of insurance policies sold to the elderly to fill the gaps in Medicare coverage. Plans to conduct further research to determine if the impact of differing state regulatory approaches. The staff is also working with HEW and the NAIC.

7. Life Insurance Cost Disclosure. Conducting a study to determine whether the cost information currently available to consumers is adequate, and, if not, what type of comparative cost information is needed. Encouraging state insurance departments to await the results of the research before adopting a life insurance cost disclosure regulation, particularly a model regulation adopted by the NAIC. Will consider alternative strategies in a report to the Commission in 1979.
8. Insurance Used to Fund Private Pension Plans
 - a. Small Employer Pensions. Preliminary investigation by the FTC has shown that private pension plans are often funded by insurance policies which have a lower rate of return than other readily available investments. Also, insurance agents may be failing to provide adequate disclosure of relevant information regarding pension plans to small employers.
 - b. Individual Retirement Accounts (IRAs). A March 1978 report to a House Ways and Means subcommittee emphasized the potential for injury to consumers who purchase insurance contracts which require fixed payments regardless of changes in their income or eligibility. An earlier report concluded that current IRS regulations do not assure that consumers receive adequate and objective information prior to purchasing IRAs. Recommended that the IRS revise its disclosure requirements and that Congress give the IRS primary responsibility for regulating the marketing of IRAs (the IRS maintains that the responsibility should be centralized in the FTC).
9. Debit Insurance. Investigating the marketing of "debit" or "home service insurance," which consists of policies with small amounts of coverage sold primarily to low-income individuals.

HEALTH, EDUCATION AND WELFARE

1. Immunization Liability. Submitted a report to the Congress in May 1978, pursuant to the National Swine Flu Immunization Program of 1976, on liability arising out of immunization programs. Examined the scope and extent of liability for personal injuries or death arising out of such programs and of alternative approaches for providing protection against such liability. Investigating the costs related to such programs (i.e., costs generated by victims of side effects, are losses recovered by victims, and, if so, how) in a follow-up study.
2. Interagency Task Force on the Health Effects of Ionizing Radiation. Considering the sources of care and benefits for persons injured by exposure to ionizing radiation. The importance of this issue stems from the Federal Government's possible future involvement as a defendant in tort suits and in claims by federal employees and by veterans, as well as its more general implications in the area of accident compensation.
3. Asbestos Work Group. Will consider issues similar to those raised by the Task Force on Radiation.
4. Medical Malpractice. Sponsored a study on medical malpractice closed claims. The results of the contractor study, which analyzed claims closed in 1976, have not been released.
5. "The Antitrust Laws and the Health Care Industry." Among the issues studied were: (1) the law of medical malpractices, "no-fault," and alternatives for quality assurance; (2) private cost control initiatives by health insurers; and (3) the application of antitrust principles to the health care system (presumably including the health insurance industry) (1977-78 study).
6. "The Impact of Insurance Issues on Physician Practice." The overall objective of this 1977-78 study was to investigate the recent impact of medical malpractice insurance issues on the professional practice of physicians.
7. "The Economics of Malpractice Self-Insurance Pools." The basic objective of this 1976-77 study was to design a model of the supply and demand for medical malpractice insurance.

HOUSING AND URBAN DEVELOPMENT

1. Flood and Crime Insurance, Riot Reinsurance. Has ongoing responsibilities for these areas in the °FEDERAL INSURANCE ADMINISTRATION!.
2. Insurance Crisis in Urban America published in May 1978.
3. Full Insurance Availability, published 1974.
4. Coastal Flood Hazards and the National Flood Insurance Program, 1976.

INTERIOR

1. Geologic Hazards Warnings. Responsibility for issuance of warnings of earthquakes and other geologic hazards (volcano and landslides) under Section 202 of the Disaster Relief Act of 1974 (P.L. 93-288) has been redelegated from the Secretary of Housing and Urban Development to the Director, Geological Survey. Unresolved issues concern who would bear liability responsibilities for:
 - failure to issue warnings before catastrophic events. (There currently is no scientifically reliable basis for such warnings.)
 - compensation for economic disruption effects of any such future warnings if catastrophic events did not occur as predicted but on the basis of such a warning, a major city had been evacuated, reservoirs emptied, nuclear reactors shut down, etc.

The authority to issue geologic warnings was not redelegated to the new Federal Emergency Management Administration (FEMA). However, FEMA later may request prior notification before the Director of the Geological Survey issues any such warnings to a governor.

2. Geologic Hazards - Liability for Selection of Sites

Licensing actions by federal (and/or state) agencies do or will occur after reviews by the U. S. Geological Survey (and state agencies) of proposed sites to determine whether they are suitable in relation to geologic hazards. In the event a site has been found acceptable but subsequently, on the basis of new geologic information, is found to be unsuitable, there could be questions of liability in the following areas:

- selection of sites for long-term repositories (up to 25,000 years) for high-level nuclear wastes. One of the most critical issues is how to ensure that the hazardous wastes will not leak from storage and contaminate ground water. Interagency task forces (DOE, DOI (USGS), EPA, NRC, CEQ, OSTP, OMB) have been working on this subject for the last two or three years.
- siting of Liquefied Natural Gas (LNG) terminals and nuclear reactors in relation to geologic faults.

JUSTICE

Other than individual case litigation, Justice is involved in the following areas:

1. Federal Tort Claims Act Amendments. Justice has proposed this legislation to make a suit against the government the exclusive remedy for claims based upon common law or "constitutional" torts by federal employees. The legislation is expected to receive serious consideration in the 96th Congress.
2. Professional Malpractice. Studying the process by which professional malpractice claims are resolved in the U. S. Will determine whether federal legislation in this field is warranted.
3. The National Commission for Review of Antitrust Laws and Procedures is considering whether the McCarran-Ferguson Act should be amended, repealed, or studied further. That statute places primary responsibility for the regulation of insurance in the hands of the states and exempts "the business of insurance" from coverage of the antitrust laws

to the extent it is "regulated" by a state. A staff opticians paper regarding the Act and its interface with state regulatory efforts has been circulated within and outside government for comment. A report was published in January 1979.

4. The Public Safety Officers Benefit Program is administered by the Department of Justice. The program makes payments to the survivors of public safety officers who die as a result of injury sustained in the line of duty.
5. Medical Malpractice. Justice intends to develop a legislative proposal that would establish national minimum procedural standards for resolving medical malpractice claims within the several states.
6. Oil Spill Pollution Superfund. Justice is expected to lead a task force assessment of the implications and manner in which hazardous substances might be included in the Administration-sponsored oil spill pollution superfund (H.R. 6803; S. 2900).

LABOR

1. Insurance Rates and Availability. Conducting an in-depth study of insurance rates and availability under the Longshoremen's and Harbor Workers' Compensation Act to ascertain the facts and extent of insurance problems under that Act plus possible recommendations in that area. The research is being conducted by a private firm and should be completed soon.
2. Occupational Disease. Conducting a study of occupational disease, pursuant to statutory mandate in the Black Lung area.
3. Workers' Compensation. Has ongoing responsibilities and interest in the field of workers' compensation.

NASA

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

1. Sponsored research by the University of Virginia School of Law on "The Intellectual Foundation of American Tort Law" (1977-78). The study analyzed the relationship of theories of tort law and dominant ideas in other disciplines.
2. Sponsored a study by the University of Wisconsin on "A Theory of Responsibility in the Law of Torts" (1977). The objective was to present a coherent theory of torts that analyzed the concept of fault, its justification, and limits.

NATIONAL SCIENCE FOUNDATION

1. Sponsored research with Harvard University (1978) on "Systematic Approaches to Improved Policy Decision Making Under Uncertainty." Three areas were chosen for case study: (1) automobile insurance; (2) regulation of carcinogens; and (3) nuclear power plant siting.
2. Sponsored research with Penn State University (1975-77) on "The Regulation of Insurer Solvency Through Capital and Surplus Requirements." The objective of the study was to estimate the capital and surplus requirements for the underwriting of non-life insurers. This was one of ten proposals recommended for award under Solicitation NSF 74-46.
3. Sponsoring research with M.I.T. (1978-80) on "The Economic Regulation of Hospitals." A portion of the study is devoted to competitions and regulations in the hospital insurance industry.

sponsored research with Syracuse University (1977-78 on "Equitable Compensation in Personal Injury - A Comparative Study of Values in Biomedical Research and Industry Practice." A primary outcome will be a report that assesses the state of knowledge and practice of compensation for individual risk in the separate fields of biomedical research, medical malpractice, and workers' compensation.

NUCLEAR REGULATORY COMMISSION

Section 170 of the Atomic Energy Act as amended requires:

- reactor operators to carry the maximum amount of insurance available (\$140 million);
- utilities to put up a fee of \$5 million per reactor (i.e., a total of \$350 million); and
- the Federal Government to make available indemnity funds of up to \$560 million.

Therefore, the total available amount for compensation for one reactor accident is \$560 million with the federal portion being \$70 million.

OFFICE OF CONSUMER AFFAIRS

The Office of the Special Assistant to the President for Consumer Affairs has assisted in the presentation of consumer viewpoints before the Congress, the National Association of Insurance Commissioners, and insurance industry representatives, especially in the area of consumer safeguards for life insurance.

OFFICE OF FEDERAL PROCUREMENT POLICY

Over the last two years, OFPP has been grappling with the problem of the liability of federal contractors and its grantees. OFPP is developing possible legislation for the purpose of establishing a more uniform and appropriate government-wide policy on contractor or grantee liability.

OFFICE OF MANAGEMENT AND BUDGET

No separate studies, programs, or legislative initiatives.
Involved with accident compensation issues through budget
review or legislative clearance activities.

STATE DEPARTMENT

Physician and other health care personnel of the State
Department, including the Agency for International Development,
are protected against malpractice suits by law (22 U.S.C. 817).

TRANSPORTATION

next page
~~1. No-fault. In the 95th Congress, as in previous~~

TRANSPORTATION

1. No-Fault. In the 95th Congress, as in previous congresses, Transportation supported a bill which would set national automobile insurance standards mandating the creation of no-fault systems at the state level. The states would retain complete administrative control over automobile insurance, including rate setting, but the system would have to be a no-fault system meeting minimum standards with respect to both benefits and limitations on the right to use the tort system. In addition, the bill would establish a uniform conflicts of law rule for automobile tort suits. The bill was reported out of the Senate Commerce Committee in May 1978, but was never brought up in the Senate.

Transportation believes that nationwide no-fault would have important benefits for all those involved with automobiles, and intends to continue to support the concept in the 96th Congress.

2. Conrail Indemnification. The Consolidated Rail Corporation (Conrail) is a corporation created by Congress to take over the systems of seven bankrupt carriers in the 17-state Northeast region. Conrail has attempted to insure itself against accidents which might occur in its passenger operations, but has found it impossible to procure insurance for liabilities under \$2 million and over \$50 million. Conrail has asked the Federal Government to provide the indemnification.

Transportation, in consultation with the United States Railway Association, is to study the best means of compensating Conrail for uninsurable losses incurred in connection with its rail passenger operations. Options to be studied include a passenger tax and government indemnification. The report, with recommendations, was due November 8, 1978. Responsibility for the study has not yet been formally delegated with the Department of Transportation.

3. Indemnification of Northeast Corridor Improvement Project (NECIP) Contractors. In 1976, the Federal Railroad Administration (FRA) at Transportation set aside \$100 million from funds appropriated for the NECIP to indemnify the architect-engineer of the NECIP, DeLeuw, Cather/Parsons Associates (DCP). DCP had determined that some potential liabilities in connection with the project were uninsurable commercially and had required an assurance of government indemnification prior to entering into the contract. Congress subsequently became concerned with the adverse effects of having \$100 million in a contingency fund instead of having the funds used for performance of the services required under the project. Transportation and DCP considered various options for resolving the issues

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surrounding the contingency fund, including indemnification of DCP by the Department of Transportation under P.L. 85-804, "An Act to authorize the making, amendment, and modification of contracts to facilitate the national defense." Transportation considered indemnification under P.L. 85-804 but was reluctant to make the determination required by that Act.

The issue was resolved by the DOT Appropriations Act for FY 1979, P.L. 95-335. In somewhat ambiguous language, the Act provides that "Public Law 85-804 shall apply to the Northeast Corridor Improvement Program." The reports of the Conference Committee and the Senate Appropriations Committee directed DOT to use the \$100 million previously set aside. The reports also indicated that the intent of the legislation was to "permit indemnification under the provisions of Public Law 85-804 without the necessity of any determination by the Secretary and without referral to or consideration of any such agreement by either House of Congress."

The Urban Mass Transportation Administration (UMTA), FRA, the Federal Aviation Administration (FAA), and the National Highway Traffic Safety Administration (NHTSA) at DOT may increasingly be affected by insurance-related issues. Arguments for increased availability of federal indemnification or insurance of contractors, grantees, regulatees, or joint venturers with the Federal Government will probably be proposed to those administrations by the affected parties. Claims for increased protection could be based on the need to encourage innovative but potentially hazardous and uninsurable techniques in research and development or in implementing contracts. Business interests may also raise the argument that the Federal Government ought to insure them for the damages caused by items built to conform to federal specifications or regulations.

4. Oil Pollution Insurance Protection. Section 305(d) of Public Law 95-372, Outer Continental Shelf Lands Act Amendment (OCSLAA), enacted on September 18, 1978, requires the President to conduct a study on the availability of private oil pollution insurance protection. The Commandant of the Coast Guard recommended to the Secretary of Transportation that an Executive Order be issued to implement this provision.

Title III of P.L. 95-372 establishes strict liability with very limited defenses for all oil spill damages and removal costs related to discharges of oil derived from the outer continental shelf (OCS). A fund based on OCS oil fees

(TRANSPORTATION)

would be available to compensate claimants in any case where the spiller has a defense or does not settle with the claimant. Regulations implementing these decisions must be promulgated by March 17, 1979. It is anticipated that the Secretary will delegate to the Commandant of the Coast Guard the authority to promulgate these regulations. A bill extending similar provisions to oil spills from all sources is expected to be introduced in the 96th Congress. A similar bill introduced in the 95th Congress (H.R. 6803) had the backing of the Administration.

5. Federal Hazardous Materials Compensation Fund. A GAO report on liquified energy gases recommended in part that legislation be enacted to require transporters, storers, and users of significant amounts of flammable materials to carry maximum liability insurance and that a Federal Hazardous Materials Compensation Fund be established to compensate for damage or injury resulting from the transportation, storage, and handling of liquified gas. A bill to achieve this purpose was introduced but was not enacted into law during the 95th Congress (H.R. 14399).
6. Insurance Problems of High Occupancy Vehicles. A one-year study of the insurance problems facing carpools, vanpools, limousines, small transit systems, and social service agency vehicles is being conducted by the University of Tennessee at Knoxville. The original contract was extended one year to refine data useful in setting insurance rates and to recommend possible public actions to reduce problems identified. As a result of the University Research Study, DOT and HEW provided the University of Tennessee with a grant to further investigate the insurance problems of social service vehicles.

(TREASURY)

No studies, programs, or legislative initiatives. Treasury has a major interest in the federal guaranty or insurance of securities. Treasury also makes regulations regarding, and has a strong interest in, provisions of the tax code affecting the tax treatment of self-insurance groups and offshore captive insurance companies.

FEDERAL INSURANCE AND REINSURANCE PROGRAMS

Contents

Department of Agriculture
Farmers Home Administration
Federal Crop Insurance Corporation

Department of Commerce
Maritime Administration
Federal Ship Mortgage Insurance
War Risk Insurance
National Marine Fisheries Service
Fishermen's Guarantee Program

Department of Housing and Urban Development
Federal Insurance Administration
National Flood Insurance
National Insurance Development Program
Riot Reinsurance Program
Crime Insurance Program
Mortgage Insurance

Department of the Interior
Guam Development Fund
Loan Guarantees

Department of State
Agency for International Development
Housing Guarantees

Department of Transportation
Federal Aviation Administration
Aircraft Loan Guarantees
War Risk Insurance

Department of the Treasury
Check Forgery Insurance Fund

Miscellaneous Agencies

Atomic Energy Commission /

Financial Protection for Public Liability Claims

Export-Import Bank of the United States

Insurance of United States and Foreign Exporters

Federal Deposit Insurance Corporation

Federal Home Loan Bank Board

Federal Savings and Loan Insurance Corporation

National Credit Union Administration

National Credit Union Share Insurance Fund

Overseas Private Investment Corporation

Investment Insurance

Securities Investor Protection Corporation

Small Business Administration

Lease and Surety Bond Guarantees

DEPARTMENT OF AGRICULTURE

1. Farmers Home Administration

Authority: 7 U. S. C. 1921 et seq.

Applicable Regulations: 7 CFR Parts 1821, 1874, 15

The Farmers Home Administration is authorized to make and insure loans under several sections of the U. S. Code. The types of loans for which insurance may be undertaken include those for the purposes of (1) land and water development, (2) land acquisition, (3) rural development, and (4) watershed and resources conservation. The guarantees may be issued to any federal or state-chartered bank, savings and loan association, cooperative lending agency, or any other legally organized lending agency.

2. Federal Crop Insurance Corporation

Authority: 7 U. S. C. 1501 et seq.

Applicable Regulations: 7 CFR Parts 401-411, 413

The Federal Crop Insurance Corporation is authorized to insure crops against unavoidable losses and to develop conditions of insurance for various agricultural commodities. The objective of the program is to develop a sound system of crop insurance and to make this protection generally available to farmers on the major part of their annual crop investments. The program is authorized to insure or reinsure a broad range of agricultural commodities against such causes as draught, flood, hail, fire, tornado, etc. and to fix premiums which are adequate at such rate as are deemed sufficient to cover claims and to establish a reasonable reserve against unforeseen losses.

DEPARTMENT OF COMMERCE

Maritime Administration

1A. Federal Ship Mortgage Insurance

Authority: 46 U.S.C. 1271-1280

Applicable Regulations: 50 CFR Part 255
46 CFR Part 298

The Maritime Administration is authorized to provide financing guarantees for the construction, reconstruction and reconditioning of ships. The program at one time was operated as a mortgage insurance plan. However, at this time the statutory language is written so as to authorize a guarantee of obligations eligible under the program. A fee is authorized for the guarantee issued under the activity at a rate of not less than 1/2 of 1% per annum nor more than 1% per annum on the average principal amount of the loan outstanding.

1B. War Risk Insurance

Authority: 46 U.S.C. 1281-1294

Applicable Regulations: 46 CFR 308-309

Under the War Risk Insurance program the agency may provide insurance and reinsurance against loss or damage arising out of war risks whenever it is determined that such insurance adequate for the needs of commerce cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business. Insurance or reinsurance under the program is to be based insofar as practicable upon consideration of the risk involved. The coverage may extend to the following general types of interests: (1) aircraft, (2) cargos, (3) personal effects and baggage of the crew or persons being transported, (4) life injury or detentions of the crew or persons being transported, and (5) statutory or contractual obligations of the craft. The agency may re-

insure in whole or in part any company authorized to do an insurance business and may also reinsure with or cede or retrocede to any such company any insurance or reinsurance provided under the program.

2. National Marine Fisheries Service

Fishermen's Guarantee Program

Authority: 22 U.S.C. 1977

Applicable Regulations: 50 CFR Part 258

The Fishermen's Guarantee Program provides that the owner of a commercial fishing vessel may enter an agreement with the Secretary of Commerce to provide certain guarantees if the vessel is seized by a foreign country. The Secretary will guarantee costs from damage or destruction of the vessel, from the loss or confiscation of the vessel, or from dockage fees or utilities. The program also guarantees the market value of fish caught before seizure and not to exceed 50% of gross income lost. Fees set for the program shall be adequate to recover the costs of all administration of the program and to recover a reasonable portion of payments made under the section.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1. Federal Insurance Administration

National Insurance Development Program

Riot Reinsurance Program
Crime Insurance Program

Authority: 12 U.S.C. 1749 bbb et seq.

Applicable Regulations: 24 CFR Parts 1905-1907 (Riot Reinsurance)
24 CFR Parts 1930-1934 (Crime Insurance)

The Federal Insurance Administration under the Riot Reinsurance Program is available for companies participating in state FAIR plans. The Federal Reinsurance covers the risks of civil disturbances and was enacted in conjunction with the FAIR plan requirements which provide a mechanism for property owners in covered areas to provide insurance coverage in the private market.

The Federal Crime Insurance Program is designed to enable businessmen and residents of homes and apartments in designated areas to purchase Crime Insurance where it is difficult to obtain or excessively costly. The program provides for the purchase of a federal policy through licensed agents or brokers within the jurisdiction designated as a marketing area by the Federal Insurance Administration.

2. National Flood Insurance

Authority: 42 U.S.C. 4001 et seq.

Applicable Regulations: 24 CFR Parts 1909-1918

The National Flood Insurance program is a cooperative program involving the Federal Government and private industry in the insuring of eligible persons against losses resulting from physical damage or loss due to floods or mudslides. Communities having these hazards are required to put into effect land use and control measures meeting federal standards and obtain designation as eligible communities. After June 30, 1975 flood-prone communities which have not entered into the flood program will be denied certain federally related assistance in projects.

3. Mortgage Insurance

Authority: Various sections of the National Housing Act

Applicable Regulations: Various

The Department of Housing and Urban Development provides mortgage insurance under various programs of the National Housing Act for the purchase of various types of property. Principal among these are single family dwellings, rental housing, condominiums and mobile homes. Special programs are also available for insuring land development, mobile home parks, experimental housing, Armed Services housing and subsidized homeownership. The Department charges a fee for this insurance based on the size of the loan.

DEPARTMENT OF THE INTERIOR

Guam Development Fund

Loan Guarantees

Authority: 48 U. S. C. 1428-1428e

The Guam Development Fund contains provisions whereby guarantees of loans can be made to promote the development of private enterprise on Guam. The Fund is a revolving pool and statutory authority appears to be given for "premium charges for insurance" for the guarantees.

DEPARTMENT OF STATE

Agency for International Development

Housing Guarantees

Authority: 22 U. S. C 2181 et seq.

The Agency for International Development operates a program of Housing Guarantees which are made to eligible U. S. investors assuring against loss of loan investments in self-liquidating housing projects. A fee in an amount to be determined by the President is to be charged for each guarantee issued.

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

1. Aircraft Loan Guarantees

Authority: 49 U. S. C. 1380

Applicable Regulations: 14 CFR Part 199

The Federal Aviation Administration administers a program of aircraft loan guarantees under which various types of equipment may be purchased by air carriers.

2. War Risk Insurance

Authority: 49 U. S. C. 1531-1542
14 CFR Part 198

Under the War Risk Insurance program the agency may provide insurance and reinsurance against loss or damage arising out of war risks whenever it is determined that such insurance adequate for the needs of commerce cannot be obtained on reasonable terms and conditions from companies authorized to do an insurance business. Insurance or reinsurance under the program is to be based insofar as practicable upon consideration of the risk involved. The coverage may extend to the following general types of interests: (1) aircraft, (2) cargos, (3) personal effects and baggage of the crew or persons being transported, (4) life injury or detentions of the crew or persons being transported, and (5) statutory or contractual obligations of the craft. The agency may reinsure in whole or in part any company authorized to do an insurance business and may also reinsure with or cede or retrocede to any such company any insurance or reinsurance provided under the program.

DEPARTMENT OF THE TREASURY

Check Forgery Insurance Fund

Authority: 31 U.S.C. 561-564

Applicable Regulations: 31 CFR 359

The Check Forgery Insurance Fund is a \$50,000 revolving fund in the Treasury Department for making settlement with the payees and special endorsees of certain checks drawn on the Treasurer of the U.S. These payments are made when it is established that a check has been lost or stolen without the fault of the payee or holder, that the check has been negotiated and paid by the Treasurer on the forged endorsement, that the payee or endorsee has not participated either directly or indirectly in the negotiation and the reclamation may be delayed or unsuccessful.

ATOMIC ENERGY COMMISSION

Financial Protection for Public Liability Claims

Authority: 42 U.S.C. 2210

Applicable Regulations: 10 CFR Part 140 (Appendices contain various forms for liability policies and indemnity agreements)

Licensees under the Atomic Energy program may by statute be required to maintain certain levels of financial protection as established by the agency for public liability claims. The amount of protection required is to be the amount of liability insurance available from private sources, except that the Commission may establish a lesser amount based on such factors as the cost and terms of private insurance, the type, size and location of the licensed activity, and the nature and purpose of the licensed activity.

The statute provides for the use to the maximum extent practicable of facilities and services of private insurance organizations, and the agency is authorized to pay a reasonable compensation for such services. The insurance contracts used by the two pools are set forth in the CFR parts applicable to the statute.

EXPORT-IMPORT BANK OF THE UNITED STATES

Insurance of United States and Foreign Exporters

Authority: 12 U. S. C. 635 et seq.

Applicable Regulations: 12 CFR Parts 400-404

The Export-Import Bank of the United States is authorized to undertake a number of guarantees for lending institutions within and without the United States and guarantees certain leases as well as provide political risk guarantee coverage on U. S. equipment used by U. S. contractors in their performance of contracts abroad.

The Foreign Credit Insurance Association, a group of some 50 principal U. S. maritime casualty and property insurance companies, in cooperation with Eximbank, offers broad-based protection for U. S. exporters' export receivables. This coverage is available for both commercial and political risks.

FEDERAL DEPOSIT INSURANCE CORPORATION

Authority: 12 U. S. C. 1811

Applicable Regulations: Various

The Federal Deposit Insurance Corporation insures the deposits in national banks, state banks which are members of the Federal Reserve system, and state banks which apply for federal deposit insurance and meet prescribed qualifications. The income of the Corporation is derived from assessments on deposits held by insured banks and from the interest on its own investment of surplus funds.

FEDERAL HOME LOAN BANK BOARD

Federal Savings and Loan Insurance Corporation

Authority: 12 U. S. C. 1724 et seq.

Applicable Regulations: Various

The Federal Savings and Loan Insurance Corporation insures the safety of qualified accounts in all federal savings and loan associations and state chartered building and loan, savings and loan, homestead associations and cooperative banks which apply for and are approved for insurance. Income of the Corporation consists principally of premiums paid by insured institutions and interest on investments.

NATIONAL CREDIT UNION ADMINISTRATION

National Credit Union Share Insurance Fund

Authority: 12 U. S. C. 1781 et seq.

Applicable Regulations: 12 CFR Parts 741-748

The National Credit Union Share Insurance Fund provides a program of share insurance which is mandatory for federal credit unions and optional for state-chartered credit unions which meet established standards. The Fund charges each insured credit union a premium based on total member accounts.

OVERSEAS PRIVATE INVESTMENT CORPORATION

Investment Insurance

Authority: 22 U.S.C. 2191 et seq.

The Overseas Private Investment Corporation insures U. S. investors against the political risks of expropriation, inconvertibility of local currency and damages from war, revolution or insurrection. It also offers U. S. lenders protection against commercial and political risks by guaranteeing payment of principal and interest on loans made to eligible private enterprises. OPIC is also authorized to make and carry out contracts of insurance or reinsurance or agreements to share risks with insurance companies and other financial institutions in the issuance and servicing of insurance, the adjustment of claims, the ceding and accepting of reinsurance and other matters incident to an insurance business.

SECURITIES INVESTOR PROTECTION CORPORATION

Authority: 15 U.S.C. 78aaa et seq.

The Securities Investor Protection Corporation is a non-profit corporation which is not an agency or establishment of the U. S. It is a membership corporation, the members of which are registered brokers or dealers under the securities acts and persons who are members of a national securities exchange. The purpose of the program is to protect the public by restoring losses incurred as a result of securities firms financial failures. The fund operates on assessments made on members.

SMALL BUSINESS ADMINISTRATION

Lease and Surety Bond Guarantees

Authority: 15 U. S. C. 692-694 (Lease Guarantees)
15 U. S. C. 694a-694c (Surety Bond Guarantees)

Applicable Regulations: 15 CFR Part 106 (Lease Guarantees)
15 CFR Part 115 (Surety Bond Guarantees)

The Small Business Administration is authorized to guarantee leases entered into by small business concerns as well as to guarantee surety bonds issued to them. Under the lease guarantee program, the SBA may guarantee the payment of rentals under leases of commercial and industrial property entered into by small business concerns to enable them to obtain such leases. Such guarantees may be made or effected either directly or in cooperation with any qualified surety company through a participation agreement. To the extent practicable, the SBA is required to cooperate with qualified sureties or other companies on a participation basis. The SBA is required to fix a uniform annual fee for its guarantees at a rate which is in accordance with sound actuarial practices. However, the amount shall not exceed 2 1/2% per annum of the minimum guaranteed rental payable under the guaranteed lease.

Under the surety bond guarantee program the SBA may guarantee a surety against loss as the result of breach of the terms of a bid bond, payment bond or performance bond by a principal on a contract up to \$1,000,000. A guarantee under the program shall obligate the SBA to pay not to exceed 90% of the loss incurred by the surety in fulfilling the terms of his contract. The contracts of guarantee under the program are to be issued for a bond fee such as the SBA determines to be reasonable in light of the risks and costs involved.

APR 8 1980

Honorable John F. Ahearne
Chairman
Nuclear Regulatory Commission
Washington, D. C. 20555

Dear Mr. Chairman:

In 1978, in response to the Federal Government's increasing need to analyze and coordinate its approaches to insurance problems and issues, the Secretary of Commerce established an Interagency Council on Accident Compensation and Insurance composed of the representatives of 16 departments and agencies.

One of the Council's first tasks was to prepare a partial inventory of Federal insurance programs and initiatives taking place within the member agencies.

It is now necessary to complete those inventories, broaden them to include all significant agencies and to obtain supplemental information in order to round out our basic knowledge of Federal programs and capacities. Because the Nuclear Regulatory Commission, while not a member of the Council, is involved with important insurance activities, I am requesting your assistance in this matter.

I am enclosing the two papers which constitute the presently existing partial inventory. They are illustrative of the kind of information we now need from your agency. Would you please inform us in a similar manner of the programs and initiatives which you are now carrying out.

The supplementary data we are gathering is as follows:

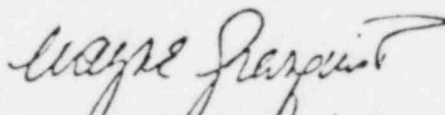
1. The office name, its head, and telephone number for each unit responsible for one or more insurance programs, initiatives, or coordinative functions in your agency. Also, the same information and a brief description of the function it performs for any organizational unit which has ongoing contact with state insurance regulators or the insurance industry, even though it does not operate an insurance program.

2. The name, title, address and telephone number of one or two persons in your agency who are (a) certified actuaries; (b) substantially experienced in underwriting; or (c) expert in tort or accident compensation law. We may wish to request their advice or assistance on an ad hoc basis.
3. The name, title, address and telephone number of a person whom you designate as the contact point for the Department for insurance-related matters.

I would appreciate it if your agency's response were forwarded to Mr. Oliver Taylor, Management Improvement and Evaluation Division, Room 1035, New Executive Office Building, Washington, D. C. 20503, by April 25. Please direct any questions to Mr. Taylor at 395-3541.

We will send you the new inventory and directory as soon as they are completed. Thank you very much for your cooperation.

Sincerely,



Wayne G. Gradquist
Associate Director for
Management and Regulatory Policy

Enclosures

INTERAGENCY COUNCIL ON
ACCIDENT COMPENSATION & INSURANCE
PARTIAL INVENTORY OF CURRENT FEDERAL
ACCIDENT COMPENSATION AND INSURANCE
INITIATIVES AND PROGRAMS

- 1979 -

This inventory of current federal accident compensation and insurance initiatives and programs is not complete. Rather, it is illustrative of the broad range of issues in which the various federal agencies and Departments are involved.

The inclusion of an item in the inventory does not imply that the topics will necessarily be introduced or supported by either the Department or the Administration.