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This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

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OFFICE OF PERSONNEL MANAGEMENT

5 CFR Parts 870, 871, 872, 873, and 874

RIN 3206-AG79

Federal Employees' Group Life Insurance Program: Living Benefits

AGENCY: Office of Personnel Management.

ACTION: Interim regulations with request for comments.

SUMMARY: The Office of Personnel Management (OPM) is issuing interim regulations to implement the "FEGLI Living Benefits Act" of 1994. This law requires OPM to issue regulations which state: that under the Federal Employees' Group Life Insurance (FEGLI) Program, basic life insurance may be elected to be paid to an insured individual who is certified as terminally ill with a life expectancy of 9 months or less; that an employee may elect that the basic benefit be paid in total or, in part in multiples of \$1,000; that annuitants may elect only the total amount of basic; that there will be no increase in the actuarial value of the benefit; that OPM will have an Open Season of at least 8 weeks duration beginning prior to the effective date of the law, during which employees who are not currently enrolled in basic may elect it; and that define an application process.

DATES: These interim regulations are effective June 15, 1995. Comments must be received on or before August 14, 1995.

ADDRESSES: Send written comments to Lucretia F. Myers, Assistant Director for Insurance Programs, Retirement and Insurance Service, Office of Personnel Management, P.O. Box 57, Washington, DC 20044; or deliver to OPM, Room 3451, 1900 E Street NW., Washington, DC; or FAX to (202) 606-0633.

FOR FURTHER INFORMATION CONTACT: Faith M. Hannon, (202) 606-0004.

SUPPLEMENTARY INFORMATION: Public Law 103-409, the "FEGLI Living Benefits Act", requires OPM to regulate a FEGLI Open Season in 1995 of at least 8 weeks duration prior to the effective date of the law, July 25, 1995. The law also requires OPM to regulate provisions for: the election by a terminally ill individual covered by FEGLI basic insurance of a lump sum payment of basic insurance as a Living Benefit; the reduction of the Living Benefit so that it is actuarially equivalent to the basic insurance benefit that would have been paid in the absence of a Living Benefit election; and an application process. These interim regulations allow OPM to implement the statutory requirements of the law prior to its effective date.

Open Season

The interim regulations provide that OPM will hold a 9-week FEGLI Open Season from May 22, 1995, through July 21, 1995. The Open Season will be of 9 weeks duration to allow for the 2 legal holidays during this period. During this Open Season, employees who have waived or cancelled basic insurance and who are not excluded from eligibility by law or regulation, may enroll in basic insurance only. Optional insurance may not be elected or increased during this Open Season. This Open Season is limited to election of basic insurance because its purpose is to implement the Living Benefits Act which only applies to basic insurance.

Employees who have been on Leave Without Pay for 12 or more months, compensationers who have been on Leave Without Pay for 12 or more months, and annuitants, may not participate in this Open Season. The law specifically limits participation in the Open Season to employees as defined by section 8701(a) of title 5, United States Code.

The effective date of basic insurance elected during this Open Season will be the first day of the first pay period beginning on or after the date the employing office received the enrollment form. Unlike in previous Open Seasons, there will be no requirement for the employee to be in a pay and duty status for the enrollment elected during this Open Season to become effective. The legislative intent of this law clearly was to make a Living

Benefit available to the greatest number of eligible employees possible. It would be contrary, therefore, to the intent of the law to require that employees be in a pay and duty status before the Open Season election becomes effective. However, we must emphasize that it is OPM's firm intent to have a pay and duty status requirement for coverage elections to be effective in any and all future FEGLI Open Seasons.

An election during this Open Season will not be considered a first opportunity to enroll for purposes of meeting the requirements to carry life insurance into retirement. In order to carry coverage elected during this Open Season into retirement, the coverage must be in effect for the 5 years of service immediately preceding the date of retirement, or for the entire period(s) of service during which it was available, if less than 5 years.

Living Benefits

Public Law 103-409 requires that terminally ill employees who have FEGLI basic insurance be allowed to elect as a Living Benefit either a lump-sum payment of the total amount of their basic insurance or a partial payment of their basic insurance in a multiple of \$1,000. Eligible compensationers and annuitants may only elect to receive a lump-sum payment of the total amount of their basic insurance. The law also defines a terminally ill individual as one who has been certified as having a life expectancy of 9 months or less. The Living Benefits Act does not apply to and has no effect on Optional Insurance.

This interim regulation specifies the parameters of the total/partial requirements of the law and also explains that a Living Benefit election will either reduce the accidental death and dismemberment coverage upon an effective election of a partial Living Benefit or terminate the accidental death and dismemberment coverage upon an effective election of a total Living Benefit. In addition, this regulation describes how the Basic Insurance Amount (BIA) will be reduced in proportion to the amount elected for a partial Living Benefit. The remaining BIA, or post-election BIA, will not change after the computation of the partial Living Benefit regardless if there is a change in other circumstances, e.g., salary, or age. When the insured

dies, the remaining BIA will be multiplied by the age factor that was in effect at the time the completed Living Benefit application was received by the Office of Federal Employees' Group Life Insurance (OFEGLI) in order to compute the final payment of basic insurance benefits.

Once an insured has made an effective Living Benefit election, that election is irrevocable. In addition, an insured may make only one Living Benefit election. That is to say, the insured who has made a partial Living Benefit election may not make a subsequent Living Benefit election for any portion of the remaining basic insurance.

Assignments

This regulation stipulates that individuals who have assigned their insurance under the authority of 5 U.S.C. 8706(e) may not elect a Living Benefit and that those individuals who have elected a Living Benefit may not assign their insurance.

Actuarial Reduction

OPM is required by law to assure that there is not an increase in the actuarial value of the benefit paid. This is accomplished by regulating that the amount of Living Benefit payment is actuarially reduced to account for the amount of interest lost to the Employees' Life Insurance Fund (Fund) and the time difference between when the Living Benefit payment is made and when the death benefits would have been paid in the absence of a Living Benefit election. The actuarial reduction will be based on an assumption of the interest rate and the time period that reflects the earlier payment date. Initially, the actuarial reduction will be 4.9 percent of the benefit. This 4.9 percent actuarial reduction factor will change, if necessary, after Living Benefits have been in effect long enough to analyze the experience. Any change in the actuarial reduction factor will be published in the **Federal Register**.

Withholdings and Contributions

This interim regulation specifies that the withholdings and contributions for basic insurance will terminate at the end of the pay period in which a total Living Benefit election is effective. The withholdings and contributions for basic insurance after a partial Living Benefit has been elected will be based on the remaining BIA (post-election BIA) in effect at the end of the pay period in which the Living Benefit election is effective. A Living Benefit election is effective on the date the

Living Benefit payment check is cashed or deposited.

Application Process

OPM is required by law to regulate the application process. Therefore, this regulation provides how an insured individual may apply for the Living Benefit through OFEGLI and the subsequent steps that need to occur in order for a Living Benefit to be paid. Only the insured individual may make a Living Benefit election. No one else, e.g., a spouse, a guardian, or someone with a power of attorney, may make a Living Benefit election on the insured's behalf. It also explains that, if the physician's certification of the nature of the illness and the life expectancy of the insured are not sufficient for OFEGLI to approve or disapprove the application, OFEGLI may request additional medical evidence from the attending physician. If necessary, OFEGLI may then also request a medical examination of the insured at OFEGLI's expense.

Additional Information

Detailed guidance will be provided to agencies and employing offices through Benefits Administration Letters (BAL's) and Payroll Office Letters. This information and guidance will address the obligations of the agencies and employing offices in the administration of the Living Benefit.

OPM believes that, at this time, it is required to withhold 10% of the Living Benefit payment for Federal and/or State taxes unless the insured requests on the application that the amount for taxes not be withheld. This policy is subject to change if applicable tax law or regulations change.

Waiver of Notice of Proposed Rulemaking

Pursuant to section 553(b)(3)(B) of title 5 of the U.S. Code, I find that good cause exists for waiving the general notice of proposed rulemaking. OPM must issue regulations to implement Public Law 103-409, which is effective July 25, 1995. In addition, employing offices need a certain amount of lead time in order to implement the regulations by the effective date. These concerns make it impractical to publish proposed regulations.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities because the regulations primarily affect individuals currently enrolled under the Federal Employees' Group Life Insurance Program and those Federal

employees who would enroll during this mandated Open Season.

List of Subjects

5 CFR Part 870

Administrative practice and procedure, Government employees, Hostages, Iraq, Kuwait, Lebanon, Life insurance, Retirement.

5 CFR Part 871

Administrative practice and procedure, Government employees, Life insurance, Retirement.

5 CFR Part 872

Administrative practice and procedure, Government employees, Life insurance, Retirement.

5 CFR Part 873

Administrative practice and procedure, Government employees, Life insurance, Retirement.

5 CFR Part 874

Government employees, Life insurance, Retirement.

Office of Personnel Management.

James B. King,

Director.

Accordingly, OPM is amending 5 CFR parts 870, 871, 872, 873, and 874 as follows:

PART 870—FEDERAL EMPLOYEES' GROUP LIFE INSURANCE PROGRAM

1. The authority citation for part 870 is revised to read as follows:

Authority: 5 U.S.C. 8716; § 870.202(c) also issued under 5 U.S.C. 7701(b)(2); subpart J is also issued under section 599C of Pub. L. 101-513, 104 Stat. 2064, as amended; subpart K is also issued under Pub. L. 103-409.

2. In § 870.203, paragraph (e) is added to read as follows:

§ 870.203 Effective dates of insurance.

* * * * *

(e) An open enrollment election of basic life insurance filed during the period from May 22, 1995, through July 21, 1995, is effective on the 1st day of the first pay period beginning on or after the date the employing office received the enrollment form. There is no requirement to be in a pay and duty status for the enrollment to be effective.

3. In § 870.204, paragraph (h) is added to read as follows:

§ 870.204 Waiver and cancellation of waiver of insurance coverage.

* * * * *

(h)(1) An Open Season will be held from May 22, 1995, through July 21, 1995, during which time employees otherwise eligible for coverage may

cancel their existing waivers of coverage by affirmatively electing to be insured on a form designated by OPM.

(2) An employing office may make a determination, within 6 months after the May 22, 1995, through July 21, 1995, Open Season, that an employee was unable, for cause beyond his/her control, to cancel his/her then existing waiver of coverage by affirmatively electing to be insured during the 1995 Open Season. The employee will be permitted to submit an affirmative election of coverage within 31 days after he/she is advised of that determination. Basic life insurance coverage in that case is retroactive to the 1st day of the first pay period beginning on or after July 21, 1995.

4. In § 870.301, paragraph (c) is added to read as follows:

§ 870.301 Basic insurance amount (BIA).
* * * * *

(c) The post-election BIA of an employee who elected a partial Living Benefit is the BIA as of the date OFEGLI received the completed Living Benefit application reduced by the percentage which the partial lump-sum payment represents of the pre-election BIA multiplied by the age factor as stated in § 870.301(b) (rounded up or down to the nearest multiple of \$1,000 or, if midway between multiples, to the next higher multiple of \$1,000). The post-election BIA will not change after the effective date of the partial Living Benefit election. For purposes of computing the payment of benefits upon the death of the insured individual who elected a partial Living Benefit, the BIA will be multiplied by the age factor in effect as of the date OFEGLI received the completed Living Benefit application.

5. Section 870.402 is added to read as follows:

§ 870.402 Withholdings and contributions following a Living Benefits election.

(a) The basic insurance withholding for an insured individual who has elected a total payment of basic insurance for a Living Benefit will cease the end of the pay period in which the election of Living Benefits is effective.

(b) The amount withheld for basic insurance from the pay of an insured employee who has elected a partial Living Benefit will be based on the amount of BIA remaining after the partial Living Benefit election is effective.

(c) The amount withheld for basic insurance from the annuity of an annuitant who elected a partial Living Benefit as an employee will be based on the amount of BIA remaining after the

partial Living Benefit election is effective.

(d) The amount withheld for basic insurance from the compensation of a compensationner who elected a partial Living Benefit as an employee will be based on the amount of BIA remaining after the partial Living Benefit election is effective.

6. In § 870.501, paragraph (a) is revised to read as follows:

§ 870.501 Termination and conversion of insurance coverage.

(a) Except as provided in §§ 870.601 and 870.701, the basic insurance of an insured employee stops on the date of his/her separation from the service, subject to a 31-day extension of basic life insurance coverage, or on the effective date of a full Living Benefits election.

* * * * *

7. In § 870.601, paragraphs (c) introductory text and (c)(4) are revised to read as follows:

§ 870.601 Eligibility for life insurance.

* * * * *

(c) An individual who makes an election under paragraph (b) of this section must select one of the following options, except that those individuals who have elected a partial Living Benefit must select the option under paragraphs (c)(1) or (c)(4) of this section:

* * * * *

(4) Continuation or reinstatement of basic life insurance coverage with no reduction after age 65, and with continuous premiums withheld from annuity. An insured individual may cancel an election under paragraphs (c)(3) or (c)(4) of this section at any time, except for those individuals who have elected a partial Living Benefit as an employee. An insured individual who has elected a partial Living Benefit may only cancel an election under paragraph (c)(4) of this section if he/she is electing to terminate the insurance under paragraph (c)(1) of this section.

* * * * *

8. In § 870.602 the current paragraph is redesignated as paragraph (a) and paragraph (b) is added to read as follows:

§ 870.602 Amount of life insurance.

* * * * *

(b) The post-election BIA of an annuitant who elected a partial Living Benefit as an employee is the BIA as of the date OFEGLI received the completed Living Benefit application reduced by the percentage which the partial lump-sum payment represents of the pre-election BIA multiplied by the age factor as stated in § 870.301(b) (rounded up or

down to the nearest multiple of \$1,000 or, if midway between multiples, to the next higher multiple of \$1,000). For the purpose of computing the payment of benefits upon the death of an insured annuitant who elected a partial Living Benefit as an employee, the BIA will be multiplied by the age factor in effect as of the date OFEGLI received the completed Living Benefit application.

9. In § 870.701, paragraphs (c) introductory text and (c)(4) are revised to read as follows:

§ 870.701 Eligibility for life insurance.

* * * * *

(c) An individual who makes an election under paragraph (b) of this section must select one of the following options, except that those individuals who have elected a partial Living Benefit must select the option under paragraphs (c)(1) or (c)(4) of this section:

* * * * *

(4) Continuation or reinstatement of basic life insurance coverage with no reduction after age 65, and with continuous premiums withheld from compensation. An insured individual may cancel an election under paragraphs (c)(3) or (c)(4) of this section at any time, except for those individuals who have elected a partial Living Benefit as an employee. An insured individual who has elected a partial Living Benefit may only cancel an election under paragraph (c)(4) of this section if he/she is electing to terminate the insurance under paragraph (c)(1) of this section.

* * * * *

10. In § 870.702 the current paragraph is redesignated as paragraph (a) and paragraph (b) is added to read as follows:

§ 870.702 Amount of life insurance.

* * * * *

(b) The post-election BIA of a compensationner who elected a partial Living Benefit as an employee is the BIA as of the date OFEGLI received the completed Living Benefit application reduced by the percentage which the partial lump-sum payment represents of the pre-election BIA multiplied by the age factor as stated in § 870.301(b) (rounded up or down to the nearest multiple of \$1,000 or, if midway between multiples, to the next higher multiple of \$1,000). For the purpose of computing the payment of benefits upon the death of an insured compensationner who elected a partial Living Benefit as an employee, the BIA will be multiplied by the age factor in effect as of the date OFEGLI received the completed Living Benefit application.

11. In § 870.801 the current paragraph is redesignated as paragraph (a) and paragraph (b) is added to read as follows:

§ 870.801 Assignments.

* * * * *

(b) If an individual has assigned his/her insurance, he/she may not elect a Living Benefit and if an individual has elected a Living Benefit, he/she may not assign his/her insurance.

12. In part 870, subpart K is added to read as follows:

Subpart K—FEGLI Living Benefits

Sec.

- 870.1101 Purpose.
- 870.1102 Definitions.
- 870.1103 Open season.
- 870.1104 Living benefits.
- 870.1105 Actuarial reduction.
- 870.1106 Withholdings and contributions for basic insurance.
- 870.1107 Application procedures.

Subpart K—FEGLI Living Benefits

§ 870.1101 Purpose.

This subpart sets forth the circumstances under which employees may enroll in basic insurance during the 1995 Open Season and terminally ill individuals enrolled in basic insurance may elect to receive a payment of their basic insurance as a Living Benefit on or after July 25, 1995.

§ 870.1102 Definitions.

In this subpart—
Effective date of Living Benefits election means the date on which the Living Benefits payment is cashed or deposited.

Terminally ill means the individual has a medical prognosis of a life expectancy of 9 months or less.

§ 870.1103 Open season.

(a) An Open Season will be held from May 22, 1995, through July 21, 1995, during which time an employee who has waived or cancelled basic insurance and is not excluded from eligibility by law or under § 870.202 of subpart B, may enroll in basic insurance only. Optional insurance may not be elected or increased during this Open Season. Employees who have been on Leave Without Pay for 12 or more months, compensationers who have been on Leave Without Pay for 12 or more months, and annuitants, may not participate in this Open Season.

(b) The effective date of basic insurance elected during this Open Season is the 1st day of the first pay period beginning on or after the date the employing office received the enrollment form. There is no requirement to be in a pay and duty

status for the enrollments elected during this Open Season to become effective.

§ 870.1104 Living benefits.

(a) An individual who is covered by basic insurance and who is certified as terminally ill, as defined in § 870.1102, may elect to receive a lump-sum payment of basic insurance on or after July 25, 1995. Only the insured individual may make a Living Benefits election.

(b)(1) An employee may elect to receive the basic insurance in total or in part, in a multiple of \$1,000.

(2) A compensationer or an annuitant may only elect to receive a lump-sum payment of the total amount of basic insurance.

(c) If the employee elects to receive a partial payment of basic insurance, the remaining BIA, the post-election BIA, will be reduced in proportion to the amount of basic insurance elected as a Living Benefit, as prescribed by Pub. L. 103-409. The post-election BIA will not change after the effective date of the partial Living Benefit election. Only the basic benefits remaining will be payable at death.

(d)(1) If the employee receives the total amount of basic insurance as a Living Benefit, accidental death and dismemberment coverage will terminate as of the effective date of election.

(2) If the employee receives a partial payment of basic insurance as a Living Benefit, accidental death and dismemberment coverage will be reduced to equal the post-election BIA.

(e) Once an election of Living Benefits has become effective, the election may not be revoked and no further election of Living Benefits may be made.

(f) If an individual has assigned his/her insurance, he/she may not elect a Living Benefit and if an individual has elected a Living Benefit, he/she may not assign his/her insurance.

§ 870.1105 Actuarial reduction.

The amount of basic insurance elected as a Living Benefit will be reduced in order to produce a basic insurance benefit that is actuarially equivalent, to the extent practicable, to the basic insurance benefit of those who do not elect to receive a Living Benefit. The actuarial reduction will be based on assumptions of the amount of interest lost to the Fund because of the early payment and the time difference between when the Living Benefit payment is made and when the death benefits would have been paid in the absence of a Living Benefits election.

§ 870.1106 Withholdings and contributions for basic insurance.

(a) Withholdings and contributions for basic insurance for those individuals who receive a lump-sum payment of their total basic insurance as a Living Benefit will terminate at the end of the pay period in which the Living Benefit election is effective.

(b) Withholdings and contributions for basic insurance for those employees who receive a lump-sum payment of a partial amount of their basic insurance as a Living Benefit will be reduced in proportion to the amount of benefit elected and will be based on the post-election BIA in effect at the end of the pay period in which the Living Benefit election is effective.

§ 870.1107 Application procedures.

(a) The insured individual must request information on Living Benefits and an application form directly from OFEGLI.

(b) The insured individual must complete the first part of the application (General Information) and have his/her physician complete the second part of the application (Physician's Statement). The insured then submits the completed application directly to OFEGLI.

(c)(1) OFEGLI will review the application and the certification by the physician of the nature of the illness and that the insured is terminally ill, with a life expectancy of 9 months or less.

(2) If additional information is needed, OFEGLI will contact the insured or the insured's physician.

(3) Under certain circumstances, OFEGLI may require a medical examination prior to making an approval decision. In these cases, OFEGLI will be financially responsible for the cost of the medical examination.

(d)(1) If the application is approved, OFEGLI will send the insured a check for the Living Benefit payment and an explanation of benefits. In addition, once the payment has been cashed or deposited, OFEGLI will send explanations of benefits to the insured's employing office and payroll office so that they will change basic insurance withholdings and contributions in accordance with § 870.1106.

(2) If the application is not approved, OFEGLI will notify the insured individual and the employing office. The decision will not be subject to administrative review. However, the insured individual may reapply at a later date if future circumstances warrant.

PART 871—STANDARD OPTIONAL LIFE INSURANCE

13. The authority citation for part 871 continues to read as follows:

Authority: 5 U.S.C. 8716.

14. In § 871.501, paragraph (a) is revised to read as follows:

§ 871.501 Termination and conversion of insurance.

(a) The standard optional insurance of an insured person stops when his/her basic insurance stops as provided in § 870.501 of this chapter, subject to a 31-day extension of standard optional life insurance coverage, except when the basic insurance stops due to a full Living Benefits election, in which case the standard optional insurance will continue unless voluntarily cancelled by the insured.

* * * * *

PART 872—ADDITIONAL OPTIONAL LIFE INSURANCE

15. The authority citation for part 872 continues to read as follows:

Authority: 5 U.S.C. 8716.

16. In § 872.501, paragraph (a) is revised to read as follows:

§ 872.501 Termination and conversion of insurance.

(a) The additional optional insurance of an insured person stops when his/her basic insurance stops as provided in § 870.501 of this chapter, subject to a 31-day extension of additional optional insurance coverage, except when the basic insurance stops due to a full Living Benefits election, in which case the additional optional insurance will continue unless voluntarily cancelled by the insured.

* * * * *

PART 873—FAMILY OPTIONAL LIFE INSURANCE

17. The authority citation for part 873 continues to read as follows:

Authority: 5 U.S.C. 8716.

18. In § 873.501, paragraph (a) is revised to read as follows:

§ 873.501 Termination and conversion of insurance.

(a) The family optional insurance of an insured person stops when his/her basic insurance stops as provided in § 870.501 of this chapter, subject to a 31-day extension of family optional insurance coverage, except when the basic insurance stops due to a full Living Benefits election, in which case the family optional insurance will

continue unless voluntarily cancelled by the insured.

* * * * *

PART 874—ASSIGNMENT OF LIFE INSURANCE

19. The authority citation for part 874 continues to read as follows:

Authority: 5 U.S.C. 8716.

20. In § 874.201, paragraph (g) is added to read as follows:

§ 874.201 Assignments permitted.

* * * * *

(g) An insured individual who has elected a Living Benefit may not assign his/her insurance and an insured individual who has assigned his/her insurance may not elect a Living Benefit.

[FR Doc. 95-14574 Filed 6-14-95; 8:45 am]

BILLING CODE 6325-01-P

DEPARTMENT OF AGRICULTURE

Federal Crop Insurance Corporation

7 CFR Part 457

RIN 0563-AA96

Common Crop Insurance Regulations; Nursery Crop Insurance Provisions

AGENCY: Federal Crop Insurance Corporation, USDA.

ACTION: Final rule.

SUMMARY: The Federal Crop Insurance Corporation (FCIC) hereby adopts regulations for specific crop provisions to insure nursery plants. These provisions will supplement the Common Crop Insurance Policy Basic Provisions which contains standard terms and conditions common to most crops. The intended effect of this rule is to move specific crop provisions for insuring nursery from the Nursery Crop Insurance Regulations (7 CFR part 406) to the Common Crop Insurance Policy (§ 457.8) for ease of use by the public and conformance among policy terms, and to add a nursery frost, freeze, and cold damage exclusion option to better meet the needs of the insured.

EFFECTIVE DATE: June 15, 1995.

FOR FURTHER INFORMATION CONTACT: Diana Moslak, Federal Crop Insurance Corporation, U.S. Department of Agriculture, Washington, DC 20250. Telephone (202) 254-8314.

SUPPLEMENTARY INFORMATION: This action has been reviewed under United States Department of Agriculture ("USDA") procedures established by Executive Order 12866 and

Departmental Regulation 1512-1. This action constitutes a review as to the need, currency, clarity, and effectiveness of these regulations under those procedures. The sunset review date established for these regulations is June 1, 2000.

This rule has been determined to be "not significant" for the purposes of Executive Order 12866 and, therefore, has not been reviewed by the Office of Management and Budget ("OMB").

The information collection or record-keeping requirements contained in these regulations (7 CFR part 457) were submitted to OMB in accordance with the provisions of 44 U.S.C. 3501 *et seq.*, and have been assigned OMB control number 0563-0050.

It has been determined under section 6(a) of Executive Order 12612, Federalism, that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment. The policies and procedures contained in this rule will not have a substantial direct effect on states or their political subdivisions, or on the distribution of power and responsibilities among the various levels of government.

This regulation will not have a significant impact on a substantial number of small entities. This action reduces the paperwork burden on the insured and the reinsured company. Therefore, this action is determined to be exempt from the provisions of the Regulatory Flexibility Act (5 U.S.C. 605) and no Regulatory Flexibility Analysis was prepared.

This program is listed in the Catalog of Federal Domestic Assistance under No. 10.450.

This program is not subject to the provisions of Executive Order 12372 which require intergovernmental consultation with state and local officials. See the Notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115, June 24, 1983.

The Office of the General Counsel has determined that these regulations meet the applicable standards provided in subsections (2)(a) and 2(b)(2) of Executive Order 12778. The provisions of this rule will preempt state and local laws to the extent such state and local laws are inconsistent herewith. The administrative appeal provisions located at 7 CFR part 400, subpart J or promulgated by the National Appeals Division, whichever is applicable, must be exhausted before judicial action may be brought.

This action is not expected to have any significant impact on the quality of the human environment, health, and safety. Therefore, neither an