

regulation that allows servicers 30 days after receipt to respond to any inquiry from a borrower. (34 CFR 682.208(c).) Deadlines for notifying borrowers of loan transfers between servicers similarly conflict with Federal statutes and regulations that allow for 45 days for notification. (20 U.S.C. 1078(b)(2)(F); 34 CFR 682.208(e)(1).) These deadlines are set after careful consideration of the need for timely responses and notifications to borrowers balanced against the time the servicer needs to ensure an accurate response and the costs of doing so. A uniform response time is also vital given the congressional purpose to ensure borrowers are treated equally in the administration of the program.

The imposition of required dispute resolution procedures under State law would also conflict with the specific Federal regulations that govern the resolution of disputes raised by borrowers. (See 34 CFR 682.208(c)(3)(i) and (ii).) State laws that require servicers to communicate directly with the authorized representatives of a borrower could conflict with Federal regulations that mandate direct communications with borrowers and provide for specific exceptions when a FFEL Program participant such as a servicer is authorized to communicate with a borrower's representative. (See, e.g., 20 U.S.C. 1083(a); 1092c; 1077(a)(2)(H); 34 CFR 682.205(a)(1) and (b); 682.209(a)(6)(iii); 682.402; 682.210.)

Finally, the State servicing laws may conflict with two express preemption provisions applicable to FFEL Program Loans. Federal regulations "preempt any State law, including State statutes, regulations, or rules, that would conflict with or hinder satisfaction" of certain requirements regarding guaranty agency imposition of collection charges, reporting to consumer reporting agencies, and collection efforts on defaulted loans. (34 CFR 682.410(b)(8).) Federal regulations also preempt State laws that would conflict with or hinder the efforts of lenders or their servicers to satisfy and comply with the due diligence steps for loan collection included in those regulations. (34 CFR 682.411(o)(1).) Recently enacted State servicing laws appear to conflict with these preemption provisions.

#### E. Existing Borrower Protections

The Secretary emphasizes that the Department continues to oversee loan servicers to ensure that borrowers receive exemplary customer service and are protected from substandard practices. First, the Department monitors servicer compliance with the Department's contracts, which include

requirements related to customer service. These oversight efforts include, but are not limited to, call monitoring, process monitoring, and servicer auditing, conducted both remotely and on-site by the Department's office of Federal Student Aid (FSA). FSA has dedicated staff with the responsibility to ensure that servicers are adhering to regulatory and contractual requirements for servicing loans. For example, FSA reviews interactions between servicers and borrowers and compares the servicers' performance against a detailed Department checklist. FSA provides its performance evaluations to servicers through written reports and meetings and requires servicers to alter their practices when needed to correct deficiencies. FSA also maintains direct access to servicer systems and therefore can review individual borrower accounts to evaluate the servicers' treatment of those accounts against regulatory and contractual requirements.

Second, the Department's procurement and contracting requirements incentivize improved customer service by allocating more loans to servicers that meet performance metrics such as high levels of customer satisfaction and by paying servicers higher rates for loans that are in a non-delinquent status such as those enrolled in an income-driven repayment plan. Poor-performing servicers lose loans in their portfolio to better-performing servicers.

Third, FSA maintains a Feedback System, which includes a formal process for borrowers to report issues or file complaints about their loan experiences, including problems with servicing. Borrowers may also elevate complaints to the FSA Ombudsman Group—a neutral and confidential resource available to borrowers to resolve disputes related to their loans.

The Department seeks to promote exemplary customer service for student loan borrowers, consistent with the framework Congress established for the Federal student loan programs.

**Accessible Format:** Individuals with disabilities can obtain this document and a copy of the application package in an accessible format (e.g., braille, large print, audiotope, or compact disc) on request to the person listed under **FOR FURTHER INFORMATION CONTACT**.

**Electronic Access to This Document:** The official version of this document is the document published in the **Federal Register**. You may access the official edition of the **Federal Register** and the Code of Federal Regulations via the Federal Digital System at: [www.gpo.gov/fdsys](http://www.gpo.gov/fdsys). At this site you can view this

document, as well as all other documents of this Department published in the **Federal Register**, in text or Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

You may also access documents of the Department published in the **Federal Register** by using the article search feature at: [www.federalregister.gov](http://www.federalregister.gov). Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Dated: March 7, 2018.

**Betsy DeVos**,  
Secretary of Education.

[FR Doc. 2018-04924 Filed 3-9-18; 8:45 am]

**BILLING CODE 4000-01-P**

## DEPARTMENT OF VETERANS AFFAIRS

### 38 CFR Part 9

RIN 2900-AP98

#### Electronic Submission of Certain Servicemembers' Group Life Insurance, Family Servicemembers' Group Life Insurance, and Veterans' Group Life Insurance Forms

**AGENCY:** Department of Veterans Affairs.

**ACTION:** Final rule.

**SUMMARY:** The Department of Veterans Affairs (VA) in this final rule amends its regulations governing the Servicemembers' and Veterans' Group Life Insurance programs to provide that certain Servicemembers' Group Life insurance (SGLI), Family SGLI (FSGLI), and Veterans' Group Life Insurance (VGLI) applications, elections, and beneficiary designations, required by statute to be "written" or "in writing," would include those that are digitally or electronically signed and submitted via an agency-approved electronic means. This document adopts as a final rule, with minor changes, the proposed rule published in the **Federal Register** on September 6, 2017.

**DATES:** This rule is effective March 12, 2018.

**FOR FURTHER INFORMATION CONTACT:** Ruth Berkheimer, Insurance Specialist, Department of Veterans Affairs Insurance Center, 5000 Wissahickon Avenue, Philadelphia, PA 19144, (215) 842-2000, ext. 4275 (this is not a toll-free number).

**SUPPLEMENTARY INFORMATION:** On September 6, 2017, VA published a proposed rule in the **Federal Register**

(82 FR 42052), to expressly allow for electronic submission of certain SGLI and VGLI applications, forms, and beneficiary designations, by adding § 9.22 to part 9 of title 38, Code of Federal Regulations. New § 9.22(a)(1) defines the terms “in writing” and “written” for purposes of certain statutes in chapter 19, subchapter III, of title 38, United States Code, to mean an intentional recording of words in visual form and to include hard-copy documents containing a person’s name or mark, written or made by that person, and documents submitted through a VA-approved electronic means that includes an electronic or digital signature that identifies and authenticates a particular person as the source of the electronic message, and indicates such person’s approval of the information contained in the electronic document.

VA provided a 60-day comment period for the public to respond to the proposed rule. The comment period for the proposed rule ended on November 6, 2017, and VA received two comments, which were favorable. Both comments expressed support for accepting electronically or digitally-signed insurance forms, as it will make it easier for Servicemembers and Veterans to update their life insurance coverage information. As all comments received were favorable, the proposed rule is being adopted as final, with minor stylistic edits to conform with Code of Federal Regulations formatting.

#### Unfunded Mandates

The Unfunded Mandates Reform Act of 1995 requires, at 2 U.S.C. 1532, that agencies prepare an assessment of anticipated costs and benefits before issuing any rule that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more (adjusted annually for inflation) in any one year. This final rule will have no such effect on State, local, and tribal governments, or on the private sector.

#### Paperwork Reduction Act

This final rule contains no provisions constituting a collection of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3521).

#### Executive Orders 12866, 13563, and 13771

Executive Orders 12866 and 13563 direct agencies to assess the costs and benefits of available regulatory alternatives and, when regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic,

environmental, public health and safety effects, and other advantages; distributive impacts; and equity). Executive Order 13563 (Improving Regulation and Regulatory Review) emphasizes the importance of quantifying both costs and benefits, reducing costs, harmonizing rules, and promoting flexibility. Executive Order 12866 (Regulatory Planning and Review) defines a “significant regulatory action,” requiring review by OMB, unless OMB waives such review, as “any regulatory action that is likely to result in a rule that may: (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities; (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles set forth in this Executive Order.”

The economic, interagency, budgetary, legal, and policy implications of this regulatory action have been examined, and it has been determined not to be a significant regulatory action under Executive Order 12866. VA’s impact analysis can be found as a supporting document at <http://www.regulations.gov>, usually within 48 hours after the rulemaking document is published. Additionally, a copy of the rulemaking and its impact analysis are available on VA’s website at <http://www.va.gov/orpm> by following the link for “VA Regulations Published.” This rule is not an E.O. 13771 regulatory action because this rule is not significant under E.O. 12866.

#### Regulatory Flexibility Act

The Secretary hereby certifies that the adoption of this final rule will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act, 5 U.S.C. 601–612. This final rule will directly affect only individuals and will not directly affect any small entities. Therefore, pursuant to 5 U.S.C. 605(b), this final rule is exempt from the initial and final regulatory flexibility analysis requirements of sections 603 and 604.

#### Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance number and title for the program affected by this document is 64.103, Life Insurance for Veterans.

#### List of Subjects in 38 CFR Part 9

Life insurance, Military personnel, Veterans.

#### Signing Authority

The Secretary of Veterans Affairs, or designee, approved this document and authorized the undersigned to sign and submit the document to the Office of the Federal Register for publication electronically as an official document of the Department of Veterans Affairs. Gina S. Farrisee, Deputy Chief of Staff, Department of Veterans Affairs, approved this document on February 27, 2018, for publication.

Dated: February 27, 2018.

#### Jeffrey Martin,

*Impact Analyst, Office of Regulation Policy & Management, Office of the Secretary, Department of Veterans Affairs.*

For the reasons stated in the preamble, VA amends 38 CFR part 9 as set forth below:

#### PART 9—SERVICEMEMBERS’ GROUP LIFE INSURANCE AND VETERANS’ GROUP LIFE INSURANCE

■ 1. The authority citation for part 9 continues to read as follows:

**Authority:** 38 U.S.C. 501, 1965–1980A, unless otherwise noted.

■ 2. Add § 9.22 to read as follows:

#### § 9.22 Submission of certain applications and forms affecting entitlement to Servicemembers’ Group Life Insurance and Veterans’ Group Life Insurance.

(a)(1) For purposes of this section, the terms *in writing* and *written* mean an intentional recording of words in visual form and include:

(i) Hard-copy applications and forms containing a person’s name or mark written or made by that person; and  
(ii) Applications and forms submitted through a VA approved electronic means that include an electronic or digital signature that identifies and authenticates a particular person as the source of the electronic message and indicates such person’s approval of the information submitted through such means.

(2) With regard to the following actions, applications or forms that satisfy the definition in paragraph (a)(1) of this section will be deemed to satisfy the requirement in the referenced statutes that an application, election, or beneficiary designation be “in writing” or “written”:

(i) Decline Servicemembers' Group Life Insurance for the member or Family Servicemembers' Group Life Insurance for the member's insurable spouse (38 U.S.C. 1967(a)(2)(A) or (B));

(ii) Insure the member under Servicemembers' Group Life Insurance or the member's spouse under Family Servicemembers' Group Life Insurance in an amount less than the maximum amount of such insurance (38 U.S.C. 1967(a)(3)(B));

(iii) Restore or increase coverage under Servicemembers' Group Life Insurance for the member or under Family Servicemembers' Group Life Insurance for the member's insurable spouse (38 U.S.C. 1967(c));

(iv) Designate one or more beneficiaries for the member's Servicemembers' Group Life Insurance or former member's Veterans' Group Life Insurance (38 U.S.C. 1970(a)); and  
(v) Increase the amount of coverage under Veterans' Group Life Insurance (38 U.S.C. 1977(a)(3)).

(b) Applications or forms that satisfy the definition in paragraph (a)(1) of this section may be utilized to—

(1) Apply for Veterans' Group Life Insurance; and

(2) Reinstate Veterans' Group Life Insurance.

[FR Doc. 2018-04877 Filed 3-9-18; 8:45 am]

BILLING CODE 8320-01-P

**POSTAL SERVICE**

**39 CFR Part 111**

**Revenue Deficiency**

**AGENCY:** Postal Service™.

**ACTION:** Final rule.

**SUMMARY:** The Postal Service is amending the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM®) to clarify the Postal Service revenue deficiency policy.

**DATES:** *Effective:* May 7, 2018.

**FOR FURTHER INFORMATION CONTACT:**

Janet Meddick at (202) 268-2652 or Pierre DeFelice at (724) 993-3596 or Garry Rodriguez at (202) 268-7281.

**SUPPLEMENTARY INFORMATION:** The Postal Service published a notice of proposed rulemaking on December 13, 2017, (82 FR 58580-58582) to amend DMM section 604.10.0, *Revenue Deficiency*, to update the definition of a revenue deficiency; designate Postal Service contacts for submitting appeals; and add sections to provide the definition of a mailer, description of assessments and mailers responsibilities, and policy on assessed revenue deficiencies.

The Postal Service received 3 formal responses on the proposed rule, all of which included multiple comments.

Comments from the first responder are as follows:

**Mailer Comment**

Clarification needed on deducting deficiencies directly from a trust account.

**USPS Response**

Action by the Postal Service to deduct funds from a mailer's trust account or any other funds in USPS possession would be a last resort effort to collect revenue due after the appeal process has been exhausted and the mailer has not made an appropriate payment arrangement.

**Mailer Comment**

Clarification needed on the timing and handling of due process notification on appeals.

**USPS Response**

The 30 day time frame listed in 3.2.1 is the time for a mailer to respond to the notification of a revenue deficiency assessment. Reasonable extensions for appeal will continue to be entertained for mailers that request such time to review documentation and data to formulate their response.

Comments from the second responder are as follows:

**Mailer Comment**

Clarification needed on the expansion of liability, written notification, and due process.

**USPS Response**

The clarification of "mailer" contained in new section 3.1.1 is intended to ensure that the identification and responsibility of any error in preparation is assessed to the appropriate party(ies), mail owner, mail preparer, and/or list provider. It is not intended as an effort to collect more than what is owed. The definition of "Revenue Deficiency" in new 3.1.1(a) specifically states that a written notification to the mailer citing the amount of the deficiency and the circumstances is required. Accordingly, a policy requiring written notification of the deficiency to the assessed mailer is still in existence.

**Mailer Comment**

Clarification needed on the interest charge.

**USPS Response**

The 6% interest charge is per annum after a final agency decision is rendered

by the Pricing and Classification Service Center (PCSC) when the mailer is in default.

**Mailer Comment**

Clarification needed on the collection process.

**USPS Response**

The possible actions that the USPS may choose to enforce would only be applied if an assessed mailer, after a final agency decision has been rendered, fails to make payment, enter into a payment agreement, or otherwise fails to negotiate a settlement of the debt.

Comments from the third responder are as follows:

The third responder had numerous comments that were determined to be beyond the scope of this final rule. The Postal Service will review and address these comments in a separate forum with the responder.

These revisions will ensure the proper payment of postage while providing a superb customer experience from sender to receiver.

**List of Subjects in 39 CFR Part 111**

Administrative practice and procedure, Postal Service.

The Postal Service adopts the following changes to the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), incorporated by reference in the *Code of Federal Regulations*. See 39 CFR 111.1.

Accordingly, 39 CFR part 111 is amended as follows:

**PART 111—[AMENDED]**

■ 1. The authority citation for 39 CFR part 111 continues to read as follows:

**Authority:** 5 U.S.C. 552(a); 13 U.S.C. 301-307; 18 U.S.C. 1692-1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.

■ 2. Revise the following sections of the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM) as follows:

**Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)**

\* \* \* \* \*

**600 Basic Standards for All Mailing Services**

\* \* \* \* \*

**604 Postage Payment Methods and Refunds**

*[Delete 10.0, Revenue Deficiency, in its entirety and renumber 11.0 and 12.0 as 10.0 and 11.0.]*

\* \* \* \* \*