

Proposed Rules

Federal Register

Vol. 68, No. 68

Wednesday, April 9, 2003

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 870

RIN: 3206-AJ46

Federal Employees' Group Life Insurance Program: Removal of Premiums and Age Bands From Regulations

AGENCY: Office of Personnel Management.

ACTION: Proposed rule.

SUMMARY: The Office of Personnel Management (OPM) is issuing proposed regulations to remove the premium rates and age bands under the Federal Employees' Group Life Insurance (FEGLI) Program from regulation. The information will be maintained on the FEGLI Web site at <http://www.opm.gov/insure/life>. Future rate and age band changes will be announced in the **Federal Register**.

DATES: Submit comments on or before June 9, 2003.

ADDRESSES: Send written comments to Abby L. Block, Special Advisor for Employee and Family Support, Strategic Human Resources Policy Division, Office of Personnel Management, Washington, DC 20415-3666; or deliver to OPM, Room 3425, 1900 E Street NW., Washington, DC; or FAX to (202) 606-0633.

FOR FURTHER INFORMATION CONTACT: Karen Leibach, (202) 606-0004.

SUPPLEMENTARY INFORMATION: OPM is removing the premiums and age bands from the regulations to streamline the process used by OPM to adjust premium rates based on mortality and claims experiences, and actuarial determinations. The premiums in the FEGLI Program represent actuarial estimates of premium income necessary to pay future expected benefits costs. The rates for all coverage categories are specific to the experience of the FEGLI group and are not based on mortality rates within the general population. Actuarial analysis of changing mortality

rates and Program changes, if any, make periodic premium adjustments necessary. OPM needs a simplified process to ensure that premium income can pay the future expected benefit costs in the FEGLI Program.

When OPM determines rate changes are needed, we will announce them in a public notice in the **Federal Register**. We also will issue guidance to all agencies for the purpose of counseling employees and we will notify affected annuitants directly. We will update the FEGLI Program Booklet when necessary to reflect changes and maintain the Booklet and premium rates on the FEGLI Web site www.opm.gov/insure/life.

Although members of the public will no longer have the opportunity to comment on changes through the formal regulatory process, they can continue as always to comment through emails and letters to OPM. Almost all the comments we receive regarding premium and age band changes are in response to these types of notification, rather than formal responses to regulations. We will accept and reply to comments from members of the public as always. Publishing these changes in the **Federal Register** will allow OPM to implement them in a more timely and efficient manner.

Regulatory Flexibility Act

I certify that this regulation will not have a significant economic impact on a substantial number of small entities, because the regulation only affects life insurance benefits of Federal employees and retirees.

Executive Order 12866, Regulatory Review

This rule has been reviewed by the Office of Management and Budget in accordance with Executive Order 12866.

List of Subjects in 5 CFR Part 870

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

U.S. Office of Personnel Management.

Kay Coles James,

Director.

Accordingly, OPM is proposing to amend 5 CFR part 870 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; subpart J also issued under sec. 599C, Pub. L. 101-513, 104 Stat. 2064, as amended; § 870.302(a)(3)(ii) also issued under sec. 153, Pub. L. 104-134, 110 Stat. 1321; § 870.302(a)(3) also issued under sections 11202(f), 11232(e), and 11246(b) and (c) of Pub. L. 105-33, 111 Stat. 251 and section 7(e), Pub. L. 105-274, 112 Stat. 2419.

Subpart D—Cost of Insurance

2. In § 870.401, paragraphs (a), (b)(1), and (d) are revised to read as follows:

§ 870.401 Withholdings and contributions for Basic insurance.

(a)(1) The cost of Basic insurance is shared between the insured individual and the Government. The employee pays two thirds of the cost, and the Government pays one-third.

(2) When OPM makes any adjustment to the Basic life insurance premium, we will issue a public notice in the **Federal Register**.

(b)(1) During each pay period in which an insured employee is in pay status for any part of the period, the employee's share of the premium must be withheld from the employee's biweekly pay. The amount withheld from the pay of an employee who is paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of one cent.

(d)(1) For an annuitant or compensationoner who elects to continue Basic insurance and chooses the maximum reduction of 75 percent after age 65, under § 870.702(a)(2), the annuitant's share of the premium is withheld monthly and the compensationoner's share is withheld every four weeks. These withholdings stop the month after the month in which the annuitant or compensationoner reaches age 65. There are no withholdings from individuals who retired or began receiving compensation before January 1, 1990, and who elected the 75 percent reduction. For the purpose of this paragraph, an individual who separates from service after meeting the requirements for an immediate annuity under 5 U.S.C. 8412 (g) is considered to retire on the day before the annuity begins.

(2) An annuitant or compensationner who elects to continue Basic insurance and chooses either the reduction election of 50 percent or the no reduction after age 65, under § 870.702(a)(3) or § 870.702(a)(4), pays an additional premium for the 50 percent or no reduction election. This additional premium is withheld for each \$1,000 of the BIA. At age 65, the Basic premium will stop, but the annuitant or compensationner must continue to pay the additional premium for either the 50 percent or the no reduction election.

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3. Revise § 870.402 to read as follows:

§ 870.402 Withholdings for Optional insurance.

(a)(1) The insured individual pays the full cost of all Optional insurance. There is no Government contribution toward the cost of any Optional insurance.

(2) Optional insurance premiums are based on 5-year age bands beginning at age 35. The last age band for Option A is age 60+. The last age band for Options B and C is 80+. For the purpose of this subpart, effective April 24, 1999, an individual is considered to reach the next age band the 1st day of the pay period following the pay period in which his/her birthday occurs.

(3) When OPM makes any adjustment to the Optional life insurance premiums, we will issue a public notice in the **Federal Register**.

(b) During each pay period in any part of which an insured employee is in pay status, the employing agency must withhold the full cost of Optional insurance from his/her pay.

(c)(1) Subject to the provisions for reemployed annuitants in § 870.707, the full cost of Optional insurance must be withheld from the annuity of an annuitant and the compensation of a compensationner.

(2) The withholdings for Option A stop the month after the month in which an annuitant or compensationner reaches age 65.

(3) For an annuitant or compensationner who elects Full Reduction for any Option B or Option C multiples, the withholdings for those multiples stop the month after the month in which he/she reaches age 65.

(4) For an annuitant or compensationner who elects No Reduction for any Option B or Option C multiples, the withholdings for those multiples continue, as long as he/she remains insured.

(d)(1) For Option A and Option C, the amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest cent.

(2) For Option B, the amount withheld from pay, annuity, or compensation paid on other than a biweekly basis must be prorated and adjusted to the nearest one-tenth of 1 cent.

(e) If an employee's annual pay is paid during a period shorter than 52 work weeks, the employing office must determine the amount to withhold. To do this, it converts the biweekly cost to an annual cost and prorates it over the number of installments of pay regularly paid during the year.

(f) When an agency withholds less than or none of the proper amount of Optional life insurance deductions from an individual's pay, annuity or compensation, the agency must submit an amount equal to the uncollected deductions required under 5 U.S.C. 8714a, 8714b, 8714c to OPM for deposit in the Employees' Life Insurance Fund.

4. In § 870.404, paragraph (d) is revised to read as follows:

§ 870.404 Withholdings and contributions provisions that apply to both Basic and Optional insurance.

* * * * *

(d) The deposit described in §§ 870.401(f) and 870.402(f) must be made no later than 60 calendar days after the date the employing office determines the amount of the underdeduction that has occurred, regardless of whether or when the underdeduction is recovered by the agency. The agency must determine whether to waive collection of the overpayment of pay, in accordance with 5 U.S.C. 5584, as implemented by 4 CFR chapter I, subchapter G. However, if the agency involved is excluded from the provisions of 5 U.S.C. 5584, it may use any applicable authority to waive the collection.

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5. In § 870.801, paragraph (e) is revised to read as follows:

§ 870.801 Order of precedence and payment of benefits.

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(e) Upon the death of an insured family member, Option C benefits are paid to the employee, annuitant or compensationner responsible for withholdings under § 870.402(a), except as provided in paragraph (f) of this section.

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[FR Doc. 03-8610 Filed 4-8-03; 8:45 am]

BILLING CODE 6325-50-P

DEPARTMENT OF AGRICULTURE

Farm Service Agency

Rural Housing Service

Rural Business-Cooperative Service

Rural Utilities Service

7 CFR Parts 762, 1941, 1943 and 1951

RIN 0560-AG81

2002 Farm Bill Regulations—Loan Eligibility Provisions

AGENCY: Farm Service Agency, USDA.

ACTION: Proposed rule.

SUMMARY: The Farm Service Agency (FSA) proposes to amend the regulations for direct and guaranteed farm operating loans (OL) to implement the provision of the Farm Security and Rural Investment Act of 2002 (2002 Act) relating to loan eligibility for applicants with prior debt forgiveness resulting from a disaster or emergency designated by the President. FSA is proposing that borrowers who are current on an FSA loan at the onset of a Presidentially-declared disaster or emergency, but who receive debt forgiveness on that loan following the disaster, would be eligible for OL loan assistance if all other regulatory requirements were met. FSA is also proposing to amend the regulations for direct farm ownership (FO) loans to comply with the 2002 Act. FSA is proposing that applicants may qualify for a loan if they participated in the business operations of a farm or ranch for at least three of the past five years, rather than having operated a farm or ranch for that length of time. This portion of the rule is intended to make more borrowers eligible for FSA farm loan assistance. Finally, FSA is proposing to amend regulations concerning reamortization of amortized Shared Appreciation Agreement (SAA) recapture debt.

DATES: Comments on the rule must be received on or before June 9, 2003, to be assured of consideration.

ADDRESSES: Submit written comments to the Director, Loan Making Division, Farm Loan Programs, Farm Service Agency, United States Department of Agriculture, STOP 0522, 1400 Independence Avenue, SW., Washington, DC 20250-0522.

FOR FURTHER INFORMATION CONTACT: Kathy Zeidler, Senior Loan Officer, USDA, FSA, Farm Loan Programs, Loan Making Division, STOP 0522, 1400 Independence Avenue, SW., Washington, DC 20250-0522; telephone