(b) The assignment terminates 31 days after the insurance terminates, unless the covered individual is reemployed in or returns to a position in which he or she is entitled to coverage under this chapter before the expiration of the 31-day period following termination of insurance.

§ 874.502 Eligibility to convert.

(a) When an insured individual's insurance terminates under the conditions set forth in subpart E of parts 870, 871, and 872 of this chapter, an assignee has the right to convert all or a portion of his or her group life insurance to an individual policy on the insured individual. The conditions specified in subpart E of those parts apply to assignees who elect to convert.

(b) When insurance is assigned to more than one assignee, each assignee has the right to convert all or part of his or her share of the insurance. Except as provided in § 874.701 of this part, any assignee who does not convert loses all interest in the insurance.

(c) When multiple assignees convert the assigned insurance to individual policies on the insured individual in accordance with this subpart, the maximum amount of insurance each assignee can convert is determined by the assignee's share of total insurance under this chapter. If such amount is not a multiple of $1,000, it is rounded up to the next thousand dollars.

§ 874.503 Rates for converted insurance.

Rates for converted life insurance are based on the insured individual's age and class of risk at the time the conversion policy is issued.

§ 874.504 Notification of conversion rights.

The employing office must notify each assignee of his or her conversion right at the time the assigned group insurance terminates.

Subpart F—Designations of Beneficiary

§ 874.601 Designations and changes of beneficiary.

(a) An assignment automatically cancels an insured individual's prior designation of beneficiary.

(b) Each assignee may designate a beneficiary or beneficiaries to receive insurance proceeds upon the death of the insured individual. An assignee may designate himself or herself as the primary beneficiary and name some other person(s) as contingent beneficiary(ies) to receive insurance benefits in the event that the assignee predeceases the insured individual.

(c) Assigned insurance is paid to an assignee's estate if the assignee predeceases the insured individual and—

(1) The assignee did not reassign the insurance,

(2) The assignee did not designate a beneficiary, or

(3) The assignee's designated beneficiary predeceased the insured individual.

(d) The provisions of § 870.902 of this chapter apply to designations of beneficiary filed by assignees.

Subpart G—Annuitants and Compensationers

§ 874.701 Annuitants and compensationers.

(a) If an insured individual assigns basic insurance coverage under this chapter and later becomes eligible to continue such coverage while receiving annuity or workers' compensation as provided under § 870.601(a) or § 870.701(a) of this chapter, the insured individual may, at the time he or she becomes eligible to continue such insurance as an annuitant or compensationer, elect increased lifetime basic insurance coverage as provided in § 870.601(c) (3) and (4) or § 870.701(c) (3) and (4) of this chapter.

(b) After the insured individual has made an election as described in paragraph (a) of this section, the assignee (or, in cases of multiple assignees, all of the assignees acting together) may, at any time, elect to cancel the annuitant's or compensationer's election of increased lifetime basic insurance as provided in § 870.601(c) or § 870.701(c) of this chapter.

(c) When multiple assignees have been named and, at the time the insured individual becomes eligible for continued coverage as an annuitant under §§ 870.601, 871.501, and/or 872.501 of this chapter, some assignees choose to convert their portions and others choose to have their portions of insurance continued during the insured individual's retirement, the amount of each type of continued insurance is the total percentage of the shares of the assignees who choose to continue the coverage.

(d) When multiple assignees have been named and, at the time the insured individual becomes eligible for continued coverage as a compensationer under §§ 870.701, 871.501, and/or 872.501 of this chapter, some assignees choose to convert their portions of the insurance and others choose to have their portions continued while the insured individual is receiving compensation, the amount of each type of continued insurance is determined by the total percentage of the shares of the assignees who choose to continue the coverage.

§ 874.702 Reemployed annuitants.

(a) The right of a reemployed annuitant to elect additional optional coverage as an employee rather than as an annuitant under § 872.604 remains with the insured individual and does not transfer to the assignee.

(b) When an annuitant who has assigned his or her insurance is reemployed in a position in which he or she is entitled to life insurance coverage, the coverage he or she acquires as a reemployed annuitant is subject to the existing assignment.

[FR Doc. 95–24666 Filed 10–3–95; 8:45 am]
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DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

7 CFR Part 1443

RIN 0560–AE39

Cottonseed Purchase Program

AGENCY: Commodity Credit Corporation, USDA.

ACTION: Final rule.

SUMMARY: This final rule removes obsolete regulations pertaining to the cottonseed purchase program. The cottonseed purchase program has not been in effect since 1969. This action is being taken as part of the National Performance Review program to eliminate unnecessary regulations and improve those that remain in force.

EFFECTIVE DATE: October 4, 1995.

FOR FURTHER INFORMATION CONTACT: Bradley Karmen, Consolidated Farm Service Agency, United States Department of Agriculture, room 3746–S, P.O. Box 2415, Washington, DC 20013–2415 or call 202–720–7923.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

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).

Regulatory Flexibility Act

It has been determined that the Regulatory Flexibility Act is not applicable to this final rule since the CCC is not required by 5 U.S.C. 553 or any other provision of law to publish a notice of final rulemaking with respect to the subject matter of these determinations.

Environmental Evaluation

It has been determined by an environmental evaluation that this action will not have a significant impact on the quality of the human environment. Therefore, neither an Environmental Assessment nor an Environmental Impact Statement is needed.

Executive Order 12778

This final rule has been reviewed in accordance with Executive Order 12778. The provisions of the final rule do not preempt State laws, are not retroactive, and do not involve administrative appeals.

Executive Order 12372

This program/activity is not subject to the provisions of Executive Order 12372, which requires intergovernmental consultation with State and local officials. See notice related to 7 CFR part 3015, subpart V, published at 48 FR 29115 (June 24, 1983).

Paperwork Reduction Act

The amendments to 7 CFR part 1443 set forth in this final rule do not contain information collections that require clearance by the Office of Management and Budget under the provisions of 44 U.S.C. 35.

Background

This final rule removes 7 CFR part 1443 pertaining to the cottonseed purchase program. The cottonseed purchase program has not been in effect since 1969 and the regulations are obsolete.

List of Subjects in 7 CFR Part 1443

Cottonseed, Price support and purchase programs, Cotton ginners, Reporting and recordkeeping requirements, Warehouses.

Accordingly, under the authority of 7 U.S.C. 2202 and 7 CFR 2.65 (a)(14), 7 CFR part 1443 is removed:

Signed at Washington, DC, on September 28, 1995.

Bruce R. Weber,

Acting Executive Vice President, Commodity Credit Corporation.

[FR Doc. 95–24625 Filed 10–3–95; 8:45 am]

BILLING CODE 3410–05–P

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 701

Organization and Operations of Federal Credit Unions

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule

SUMMARY: Currently, NCUA Rules and Regulations prohibit officials and certain employees of federally insured credit unions from receiving either incentive pay or outside compensation for certain activities related to credit union lending. To reduce regulatory burden, the NCUA Board is amending the regulations to give member-elected credit union boards more flexibility to determine compensation policies, including the use of incentive pay.

EFFECTIVE DATE: October 4, 1995.

ADDRESSES: National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314–3428.

FOR FURTHER INFORMATION CONTACT: Lisa Henderson, Staff Attorney, (703) 518–6561, at the above address.

SUPPLEMENTARY INFORMATION:

Background

Section 701.21(c)(8) of the NCUA Rules and Regulations, 12 CFR 701.21(c)(8), prohibits federal credit unions from making a loan if, either directly or indirectly, any commission, fee, or other compensation is to be received by the credit union's directors, committee members, senior management employees, loan officers, or any immediate family members of such individuals, in connection with underwriting, insuring, servicing, or collecting the loan. However, non-commission salary may be paid to employees. As a condition of federal insurance pursuant to § 741.3(a) of the Regulations, 12 CFR 741.3(a), the prohibition applies to federally insured state-chartered credit unions. As a consequence of the regulation, federally insured credit unions may not provide incentive compensation to officials and loan officers.

Noting that credit union management had become increasingly interested in implementing lending-related incentive pay programs, the NCUA Board, on March 9, 1994, issued a Request for Comment on whether § 701.21(c)(8) should be amended to permit loan officers and/or senior management to receive incentive pay for underwriting and insuring loans. 59 FR 11937 (March 15, 1994). A total of 252 comments was received, 177 of which expressed support for allowing incentive pay for loan officers.

On April 13, 1995, the Board issued a proposed regulation which would amend § 701.21(c)(8) to authorize lending-related compensation in certain situations where it is currently prohibited. 60 FR 19690 (April 20, 1995). A total of 105 comments was received, 48 from federal credit unions, 29 from state-chartered credit unions, 19 from national and state credit union leagues, 3 from insurance companies, 2 from state credit union regulators, and 1 each from a banking trade association, Member of Congress, law firm, and individual.

Seventy-four commenters felt that the proposed regulation was too restrictive. Seven commenters expressed unqualified support for the proposed regulation and nine expressed qualified support. Seven commenters stated that credit unions should not be permitted to pay incentives, period. Six commenters urged that the current regulation be retained, expressing concern that additional authority to pay incentives could create safety and soundness problems.

Final Rule

In response to the comments, and to reduce regulatory burden, the Board has determined to give member-elected boards of directors more flexibility in determining compensation policies for lending-related activities, including the use of incentive pay. Accordingly, the final rule will allow federal credit unions to pay: (1) To any employee, *including* a senior management employee, an incentive or bonus based on the overall financial performance of the credit union; and (2) to any employee, *except* a senior management employee, an incentive based on a loan made by the credit union, provided that the board of the credit union has established written policies and internal controls in connection with the incentive or bonus and monitors compliance with them at least annually. In addition, the final rule will allow a credit union's volunteer officials and non senior management employees, and family members of officials and all employees, to receive compensation from an outside party for a service or activity performed outside the credit union, provided that neither the credit union nor the official, employee, or family member has ''steered'' anyone to the other party. This will allow for ''incidental'' situations resulting from the fact that volunteer officials, non senior management employees, such as part-time employees, and family members of employees, may have jobs