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Appendix B to Part 2676—Interest Rates Used to Value Lump Sums and Annuities

Lump Sum Valuations

In determining the value of interest factors of the form  $v^{0:n}$  (as defined in § 2676.13(b)(1)) for purposes of applying the formulas set forth in § 2676.13 (b) through (i) and in determining the value of any interest factor used in valuing benefits under this subpart to be paid as lump sums, the PBGC shall use the values of  $i_t$  prescribed in Table I hereof.

The interest rates set forth in Table I shall be used by the PBGC to calculate benefits payable as lump sum benefits as follows:

- (1) For benefits for which the participant or beneficiary is entitled to be in pay status on the valuation date, the immediate annuity rate shall apply.
- (2) For benefits for which the deferral period is  $y$  years ( $y$  is an integer and  $0 < y \leq n_1$ ), interest rate  $i_1$  shall apply from the valuation date for a period of  $y$  years; thereafter the immediate annuity rate shall apply.
- (3) For benefits for which the deferral period is  $y$  years ( $y$  is an integer and  $n_1 < y \leq$

$n_1+n_2$ ), interest rate  $i_2$  shall apply from the valuation date for a period of  $y - n_1$  years, interest rate  $i_1$  shall apply for the following  $n_1$  years; thereafter the immediate annuity rate shall apply.

(4) For benefits for which the deferral period is  $y$  years ( $y$  is an integer and  $y > n_1+n_2$ ), interest rate  $i_3$  shall apply from the valuation date for a period of  $y - n_1 - n_2$  years, interest rate  $i_2$  shall apply for the following  $n_2$  years, interest rate  $i_1$  shall apply for the following  $n_1$  years; thereafter the immediate annuity rate shall apply.

TABLE I  
[Lump Sum Valuations]

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		$i_1$	$i_2$	$i_3$	$n_1$	$n_2$
28	02-1-96	03-01-96	4.25	4.00	4.00	4.00	7	8

Annuity Valuations

In determining the value of interest factors of the form  $v^{0:n}$  (as defined in § 2676.13(b)(1)) for purposes of applying the formulas set forth in § 2676.13(b) through (i) and in determining the value of any interest factor used in valuing annuity benefits under this

subpart, the plan administrator shall use the values of  $i_t$  prescribed in the table below. The following table tabulates, for each calendar month of valuation ending after the effective date of this part, the interest rates (denoted by  $i_1, i_2, \dots$ , and referred to generally as  $i_t$ ) assumed to be in effect between specified anniversaries of a

valuation date that occurs within that calendar month; those anniversaries are specified in the columns adjacent to the rates. The last listed rate is assumed to be in effect after the last listed anniversary date.

TABLE II  
[Annuity Valuations]

For valuation dates occurring in the month—	The values of $i_t$ are:					
	$i_t$	for t =	$i_t$	for t =	$i_t$	for t =
February 1996	.0540	1-20	.0475	>20	N/A	N/A

Issued in Washington, DC, on this 5th day of January 1996.  
Martin Slate,  
Executive Director Pension Benefit Guaranty Corporation.  
[FR Doc. 96-428 Filed 1-11-96; 12:31 pm]  
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29 CFR Part 2644

Notice and Collection of Withdrawal Liability; Adoption of New Interest Rate

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Final rule.

SUMMARY: This is an amendment to the Pension Benefit Guaranty Corporation's regulation on Notice and Collection of Withdrawal Liability. That regulation incorporates certain interest rates published by another Federal agency.

This amendment adds to the appendix of that regulation a new interest rate to be effective from January 1, 1996, to March 31, 1996. The effect of the amendment is to advise the public of the new rate.

EFFECTIVE DATE: January 1, 1996.

FOR FURTHER INFORMATION CONTACT: Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005-4026; telephone 202-326-4024 (202-326-4179 for TTY and TDD). These are not toll-free numbers.

SUPPLEMENTARY INFORMATION: Under section 4219(c) of the Employee Retirement Income Security Act of 1974, as amended, the Pension Benefit Guaranty Corporation promulgated a final regulation on Notice and Collection of Withdrawal Liability. That regulation, codified at 29 CFR part 2644,

deals with the rate of interest to be charged by multiemployer pension plans on withdrawal liability payments that are overdue or in default, or to be credited by plans on overpayments of withdrawal liability. The regulation allows plans to set rates, subject to certain restrictions. Where a plan does not set the interest rate, § 2644.3(b) of the regulation provides that the rate to be charged or credited for any calendar quarter is the average quoted prime rate on short-term commercial loans for the fifteenth day (or the next business day if the fifteenth day is not a business day) of the month preceding the beginning of the quarter, as reported by the Board of Governors of the Federal Reserve System in Statistical Release H.15 ("Selected Interest Rates").

Because the regulation incorporates interest rates published in Statistical Release H.15, that release is the

authoritative source for the rates that are to be applied under the regulation. As a convenience to persons using the regulation, however, the PBGC collects the applicable rates and republishes them in an appendix to part 2644. This amendment adds to this appendix the interest rate of 8.75 percent, which will be effective from January 1, 1996, through March 31, 1996. This rate represents no change from the rate in effect for the fourth quarter of 1995. This rate is based on the prime rate in effect on December 15, 1995.

The appendix to 29 CFR part 2644 does not prescribe interest rates under the regulation; the rates prescribed in the regulation are those published in Statistical Release H.15. The appendix merely collects and republishes the rates in a convenient place. Thus, the

interest rates in the appendix are informational only. Accordingly, the PBGC finds that notice of and public comment on this amendment would be unnecessary and contrary to the public interest. For the above reasons, the PBGC also believes that good cause exists for making this amendment effective immediately.

The PBGC has determined that this action is not a "significant regulatory action" under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

List of Subjects in 29 CFR Part 2644  
Employee benefit plans, Pensions.

In consideration of the foregoing, part 2644 of subchapter F of chapter XXVI of title 29, Code of Federal Regulations, is amended as follows:

**PART 2644—NOTICE AND COLLECTION OF WITHDRAWAL LIABILITY**

1. The authority citation for part 2644 continues to read as follows:

Authority: 29 U.S.C. 1302(b)(3), 1399(c)(6).

2. Appendix A to part 2644 is amended by adding to the end of the table a new entry to read as follows:

Appendix A to Part 2644—Table of Interest Rates

\* \* \* \* \*

	From	To	Date of quotation	Rate (percent)
* * * * *				
01/01/96 .....		3/31/96	12/15/95	8.75

Issued in Washington, DC, on this 5th day of January 1996.  
Martin Slate,  
Executive Director, Pension Benefit Guaranty Corporation.  
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**DEPARTMENT OF TRANSPORTATION**

**Maritime Administration**

**46 CFR Part 308**

[Docket No. R-164]

RIN 2133-AB23

**War Risk Insurance**

**AGENCY:** Maritime Administration.

**ACTION:** Final rule.

**SUMMARY:** The Maritime Administration (MARAD) is revising its war risk regulations to remove voluminous forms that may be obtained from MARAD and to make minor nonsubstantive changes regarding agency organization and procedure with respect to application for war risk insurance, payment of premiums and payment for loss claims. This rulemaking is the result of the President's Regulatory Reinvention Initiative.

**EFFECTIVE DATE:** January 16, 1996.

**FOR FURTHER INFORMATION CONTACT:** Edmond J. Fitzgerald, Director, Office of Subsidy and Insurance, 400 Seventh

Street SW, Washington, DC 20590, Tel. (202)366-2400.

**SUPPLEMENTARY INFORMATION:** Pursuant to the President's Regulatory Reinvention Initiative announced on March 4, 1995, which included a page-by-page review of all regulations, MARAD is amending its war risk insurance regulations with respect to MARAD's procedures for application for war risk insurance and the payment of premiums and claims. It was determined that the existing regulations are cumbersome and excessive in content because of the inclusion of many lengthy forms. As revised, the part provides a general description of the content of the various forms which may be obtained from MARAD.

As authorized by Title XII of the Merchant Marine Act of 1936, as amended (46 App. U.S.C. 1283), the Secretary may provide war risk insurance adequate for the needs of the waterborne commerce of the United States, if such insurance coverage cannot be obtained on reasonable terms and conditions from companies authorized to conduct an insurance business in a state of the United States. This U.S. Government war risk insurance program is a standby emergency program. It becomes effective simultaneously with the automatic termination of ocean marine commercial war risk insurance policies. Those policies are terminated automatically upon the outbreak of war, whether declared or not, between any of the five

great powers (United States, United Kingdom, France, People's Republic of China or Russia) or upon the hostile detonation of a weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

This program makes it possible for applicants to obtain war risk insurance from the U.S. Government when such insurance is unavailable on reasonable terms and conditions in the commercial market. The program is mutually beneficial to the United States and to the shipowner in that it assures continued flow of essential U.S. trade and protection of the shipowner from loss by risks of war.

While authority to issue war risk insurance expired on June 30, 1995, these amendments to 46 CFR Part 308 are being issued under MARAD's general rulemaking authority found in 46 App. U.S.C. 1114 in anticipation that pending legislation will be enacted to reauthorize the program and in order that there be no unnecessary impairment to the continuity of this emergency program.

Rulemaking Analyses and Notices  
*Executive Order 12866 (Regulatory Planning and Review) and DOT Regulatory Policies and Procedures*

This rulemaking is not considered to be an economically significant regulatory action under section 3(f) of E.O. 12866, and is not considered to be a significant rule under the