iii. By removing the remainder of § 186.250.

§ 186.350 [Amended]

C. Section 186.350 is amended by removing the entry beginning with ''70 parts per million in dried apple pomace...''.

§ 186.450 [Amended]

D. Section 186.450 is amended by removing the phrase ''citrus molasses and''.

§§ 186.600 [Removed]

E. By removing § 186.600.

§ 186.1000 [Amended]

F. Section 186.1000 is amended by removing from the table in paragraph (a) the entry for ''apple pomace, dried,'' ''corn soapstock,'' ''grape, pomace, dried,'' and ''sunflower seed hulls.''

§ 186.1075 [Amended]

G. Section 186.1075 is amended by removing from the table in paragraph (a) the entry for ''soybean soapstock.''

§ 186.1350 [Amended]

H. Section 186.1350 is amended by removing the entry in the table for ''apple pomace, dried.''

I. Section 186.1650 is revised to read as follows:

§ 186.1650 Dialifor.

Tolerances are established for combined residues of the insecticide dialifor (*S*-(2-chloro-1-phthalimidoethyl) *O*,*O*-diethyl phosphorodithioate) and its oxygen analog *S*-(2-chloro-1-phthalimido-ethyl) *O*,*O*-diethyl phosphorothioate in or on the following processed foods when present therein as a result of application to the following growing citrus:

Commodity	Parts per million
Dried citrus pulp	15

§ 186.2000 [Amended]

J. Section 186.2000 is amended by removing the entry in the table for ''Soybean soap stock.''

§ 186.2400 [Removed]

K. Section 186.2400 is removed.

§ 186.2700 [Amended]

L. Section 186.2700 is amended by removing from the table in paragraph (a) the entry for ''raisin waste.''

§ 186.2950 [Amended]

M. Section 186.2950 is amended by removing from the table the entries ''apple pomace (dried),'' ''citrus molasses,'' ''grape pomace,'' and ''raisin waste.''

§ 186.3050 [Removed]

N. Section 186.3050 is removed.

O. Section 186.3250 is revised to read as follows:

§ 186.3250 Fluazifop-butyl.

Tolerances are established for residues of (±)-2-[4-[[5-(trifluoromethyl)-2-pyridinyl]oxy]phenoxy]propanoic acid (fluazifop), both free and conjugated, and of (±)-butyl 2[4-[[5-(trifluoromethyl)-2-pyridinyl]oxy]phenoxy]propanoate (fluazifop-butyl), all expressed as fluazifop, in or on the following feeds:

Food	Parts per million
Soybean, meal	2.0

§ 186.3350 and 186.3450 [Removed]

P. Sections 186.3350 and 186.3450 are removed.

§ 186.3550 [Amended]

Q. Section 186.3550 is amended by removing from the table in paragraph (a) the entries ''apple pomace, dried,'' ''grape pomace, dried,'' and ''raisin waste.''

§ 186.3750 [Amended]

R. Section 186.3750 is amended by removing from the table the entries ''grape, pomace, dry,'' ''raisin waste,'' and ''soapstock.''

§§ 186.4000 and 186.4800 [Removed]

S. Sections 186.4000, 186.4800 are removed.

T. Section 186.4975 is revised to read as follows:

§ 186.4975 Profenofos.

A regulation is established permitting residues of the insecticide profenofos [*O*-(4-bromo-2-chlorophenyl)-*O*-ethyl-*S*-propyl phosphorothioate] and its metabolites converted to 4-bromo-2-chlorophenol and calculated as profenofos in cottonseed hulls at 6.0 ppm.

§ 186.5000 [Amended]

U. Section 186.5000 is amended by removing the entries in the table for ''apple pomace, dried'' and ''grape pomace, dried.''

§ 186.5450 [Removed]

V. Section 186.5450 is removed.

[FR Doc. 97–32788 Filed 12–16–97; 8:45 am]

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FEDERAL EMERGENCY MANAGEMENT AGENCY

44 CFR Part 61

RIN 3067–AC73

National Flood Insurance Program (NFIP); Standard Flood Insurance Policy

AGENCY: Federal Emergency Management Agency (FEMA).

ACTION: Final rule.

SUMMARY: This rule increases the amount of the deductible under the Standard Flood Insurance Policy—from $750 to $1,000—for structures with subsidized coverage.

EFFECTIVE DATE: May 1, 1998.

FOR FURTHER INFORMATION CONTACT: Charles M. Plaxico, Jr., Federal Emergency Management Agency, Federal Insurance Administration, 202–646–3422, (facsimile) 202–646–4327.

SUPPLEMENTARY INFORMATION: On October 7, 1997, FEMA published in the **Federal Register**, 62 FR 52304, a proposed rule to amend the regulations of the National Flood Insurance Program (NFIP) to increase the deductible from $750 to $1,000 for structures with subsidized coverage. The proposal also described a buy-back feature that would permit insureds to 'buy back,' in consideration of additional premium, a reduced deductible under the Standard Flood Insurance Policy (SFIP).

During the comment period, comments were received from: The Flood Insurance Producers National Committee (FIPNC), a staff underwriter from one of the insurance companies participating in the NFIP's Write Your Own (WYO) program, and the Association of State Flood Plain Managers (ASFPM).

FIPNC agreed with the proposed change in its entirety and recommended that the amount of the reduced deductible that a policyholder could buy back be set at $500. While the policy language itself will remain silent on the amount of the reduced buy-back, the $500 figure is the amount contemplated by the Federal Insurance Administration in implementing this rule.

The underwriter from one of the WYO companies expressed concern that changing the deductible would introduce complexities that would undermine the NFIP's growth and policy sales goals. Assuming that the commenter is referring to the underwriting steps to reduce the deductible to $500 for an additional charge, any additional complexity is more than offset by the ability of the insured to purchase the desired coverage. Since optional increased deductibles have already been available for many years, it would appear that the flexibility to reduce the deductible does not add any large degree of complexity in writing the policy.

The underwriter also expressed concern that increasing the deductible and offering a buy-back would require ''enormous changes'' to the computer systems of a participating company. It is unclear why this would be necessary. The FIA consulted with the NFIP Bureau and Statistical Agent and several WYO companies before initiating rulemaking. There was no indication at all that establishing a surcharge for an optional deductible would pose any difficulty. From past experience, the proposed lead-time for implementing this change should be adequate.

The underwriter also raised the question of whether increasing the deductible would ''provide enough benefit to warrant such a drastic change.'' It is FEMA's position that the change is far from ''drastic'' and actually is only a modest one for agents and companies participating under the WYO Program. The reason for implementing this change is to benefit the general body of taxpayers by distributing costs more equitably between the public taxpayers who have subsidized the coverage and the policyholders who benefit from less than actuarial rates.

The last issue raised by the insurance underwriter focused on whether the deductible will be accepted by mortgage companies and recommended that FEMA coordinate the rule change with lending institutions prior to implementation. It is a standard procedure for FEMA to coordinate with the Federal agencies that regulate lending activities any change connected with the National Flood Insurance Program. This change will be no exception. Before the effective date of May 1, 1998, in addition to the close coordination FEMA will make with these agencies, FEMA will incorporate this change in its lenders workshops scheduled for this fiscal year.

ASFPM, the third commenter, believed that the ''Federal Insurance Administration (FIA) has unnecessarily narrowed its options for building reserves for catastrophic loss years.'' ASFPM recommended that before FIA inaugurates an increase in the deductible for subsidized policies other measures should be taken. ASFPM said that, ''Limiting the options to those whose costs are borne by the policy holder ignores a number of programmatic, process, and operational measures that should be examined. FIA has a responsibility to demonstrate to Congress, and the rate payers, that its performance as a business is efficient.''

FEMA disagrees that it has restricted its options. To increase the deductible for subsidized policies through rulemaking, which is the necessary and appropriate vehicle for changes to the Standard Flood Insurance Policy, does not prevent FEMA from continuing to pursue other program improvements that do not require rulemaking, such as the ones recommended by the Association. FEMA does not believe that it serves business efficiency by delaying modest actions that can reasonably be taken now to reduce outlays from the National Flood Insurance Fund while other initiatives, including some of those proposed by the Association, are already underway independent of rulemaking.

ASFPM also expressed concern that the NFIP's '' 'administrative grandfathering' measure allows a policyholder to 'lock in' a rate regardless of future changes in risk or in the mapped Special Flood Hazard Area.'' Unlike the ''lock in'' feature of many home purchase agreements where a homebuyer may ''lock in'' a set interest rate for his or her mortgage loan for the term of the loan and can thereby be assured of the same monthly payment for the entire term of the loan, there are no such guarantees for policy-holders under the NFIP. While the policyholder with a pre-FIRM structure may be entitled under the NFIP's ''administrative grandfathering'' provision to the same risk classification, it does not guarantee that the policyholder will not experience an increase in the premium paid each year for flood insurance coverage. The entire issue of ''administrative grandfathering,'' however, is under review by the Federal Insurance Administration. In the meantime, FEMA will implement this modest change of increasing the deductible for subsidized policies.

FEMA agrees wholeheartedly with the ASFPM's recommendation that underused, low-cost mitigation measures should be encouraged, such as relocating furnaces and hot water heaters. FEMA encourages such measures in its Interagency Hazard Mitigation Team Reports, through its publications to homeowners and insureds, by assigning mitigation specialists to assist flood victims and communities during the recovery process, and by conducting on-site mitigation workshops after flood disasters. States, localities, and FEMA have been working in partnership for years on this issue and will continue to work to implement the type of low cost mitigation measures cited by the Association. To suggest that increasing the deductible should be delayed until *after* more success is achieved in this area is not reasonable.

ASFPM also recommended that FEMA improve ''quality control when policies are written and by evaluating the policies currently on the books.'' The Association argued that corrections in ratings ''will increase premium income in a manner that will benefit all policy holders.'' FIA has conducted studies to determine the possible extent of misrating. These studies show that only a relatively small percentage of NFIP policies are misrated. FEMA has underway efforts to improve the quality of underwriting in the NFIP.

First, during fiscal year 1997, the NFIP conducted 396 workshops for insurance agents to master the underwriting requirements of the NFIP so that policies will be rated properly when submitted to the NFIP or to the Write Your Own company participating in the NFIP. So far, 150 workshops for agents have been scheduled for fiscal year 1998.

Second, there are other initiatives underway designed to improve the quality control of NFIP's underwriting. In May 1998, FIA will use a Geographic Information System (GIS) to ensure that structures insured by Preferred Risk Policies (PRP) are in fact located in zones entitling them to PRP rates. If this proves to be an effective tool for monitoring structures insured under PRP policies, FIA may expand the use of the GIS system as a quality control tool for other policies as well. Also, a condominium re-inspection program has been an effective tool to ensure proper rating of condominiums.

ASPFM cited the difficult experience of State and local floodplain managers in administering the NFIP's 'substantial damage' provision after significant flood damage. The Association recommended that ''FEMA should examine current methods for determining 'substantial damage' and seek to simplify the process.'' FEMA has long recognized the problems with regard to State and community implementation of the NFIP substantial damage requirement. The

NFIP substantial damage requirement, although a necessary step to reduce flood damages, has often created financial hardship for individual property owners who must comply with a floodplain management ordinance which requires that buildings be elevated or floodproofed to an elevation above the base flood elevation (a flood having a one percent chance of being equaled or exceeded in any given year). FEMA believes that the new Increased Cost of Compliance (ICC) coverage under the Standard Flood Insurance Policy, a coverage mandated by § 555 of Pub. L. 103–325 and implemented by FEMA through publication of a final rule on February 25, 1997, in the **Federal Register** 62 FR 8391, will help policyholders to pay for the additional costs to comply with State or community floodplain management laws or ordinances for substantially damaged as well as repetitively damaged buildings. In addition, FEMA has developed the ''Residential Substantial Damage Estimator,'' which is a computer program to assist State and local officials in estimating building value and damage costs for both single family and manufactured homes. Furthermore, FIA has worked closely with the Mitigation Directorate to develop a procedure for alerting both the local community and the FEMA Regional Mitigation staff of potential cases of substantial damage after a flood event. Once sufficient claims have been paid on the new coverage, FEMA intends to evaluate how well the ICC coverage is working. FEMA will also continue to examine how well communities are implementing the substantial damage requirement and evaluate methods for determining substantial damage.

The Association also stated that ''the claims adjustment process should be critically evaluated to determine that claims amounts are appropriate. The Association is aware of anecdotal evidence that some policyholders may be receiving claim payments that are in excess of damage. Occasionally, it is perceived that a claims adjuster may be lax because the dollars used to pay claims are not the responsibility of his or her insurance company.''

On the broader issues of claims payments and fiscal responsibility, FEMA has adopted a number of safeguards to ensure a claim program of the highest quality and service possible. A company participating in the NFIP's Write Your Own program bears responsibility for overpayments that result from error—and not simply a matter of judgement—and must reimburse the National Flood Insurance Fund for overpayments due to such errors. FEMA has a regular system of re-inspections and audits to maintain quality control over the claim process. The NFIP has on its staff experienced general property adjusters who conduct random re-inspections of claims handled by each of the companies participating in the NFIP's Write Your Own program. In addition to the claims re-inspection program, claims are audited by an accounting firm selected by FEMA's Office of Inspector General. These audits include a representative number of claim files for each year that are reviewed for compliance with NFIP regulations. Under the NFIP's claim audit procedures, Write Your Own companies themselves must hire independent auditors to do audits every two years. In addition, FIA is about to conduct a study that will review the whole process of claims adjustments and audits. The experience from past audits and re-inspections is that claims overpayments have not been a significant problem. Nonetheless, FEMA invites concrete evidence on any policyholders who may have received ''claim payments that are in excess of damage'' or where the claims adjuster ''may be lax.'' That information may be submitted directly to: Federal Emergency Management Agency, Federal Insurance Administration, 500 C Street SW., Washington, DC 20472, Attention: Director of Claims.

The Association also recommended that the expense allowance—the amount of premium retained by companies participating in the NFIP's Write Your Own program, especially the amount of commission paid to agents for policy renewals—be examined ''carefully because the NFIP is fundamentally a program designed to reduce federal disaster expenditures and to help floodplain occupants.'' FEMA is in the process of evaluating what percentage of the expense allowance is appropriate for companies to retain and how that should relate to meeting specified growth goals.

Finally, the Association cited repetitive losses as a ''significant drain on the National Flood Insurance Fund'' and urged ''closer examination of the repetitive loss problem in order to determine whether certain types of risks can be discriminated, and perhaps targeted with mitigation information.'' The problem of repetitive losses has presented a significant challenge to the program. In the past, FIA proposed several remedies, including premium surcharges, to address the problem of repetitive flood losses. These proposals, however, encountered political opposition and have not been implemented.

Currently, FEMA is addressing this problem through its Community Rating System (CRS), implementation of ICC coverage, and mitigation grant and assistance programs authorized by Congress. The NFIP's CRS, through community-wide premium discounts, gives incentives to communities to mitigate repetitive flood losses. In addition, Congress authorized ICC coverage not only for substantially flood-damaged buildings but also for repetitively flood-damaged buildings in States and communities that require compliance with laws and ordinances affecting these buildings. With passage of the National Flood Insurance Reform Act, Pub. L. 103–325, Congress also authorized establishment of a Federal grant program—Flood Mitigation Assistance (FMA)—to provide financial assistance to States and communities for flood mitigation planning and activities. A major statutory goal of FEMA is to fund cost-effective mitigation measures that reduce the number of repetitively damaged buildings. FEMA's Hazard Mitigation Grant Program authorized under § 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act also provides financial assistance to States and communities to fund mitigation measures for repetitively damaged buildings following a major disaster declaration. FEMA will continue to explore other measures to address the issue of repetitive losses.

Increasing the deductible is one relatively modest step that is expected to reduce outlays from the National Flood Insurance Fund by $6.3 million in the first full year of implementation. This action is a measured change compatible with Congressional intent for the program. The subsidy study that the ASFPM wished to see completed before the increase in deductible takes effect is intended to examine the affects of subsidy changes of much greater impact and wider scope. FEMA intends to pursue a balanced approach through its program initiatives for the NFIP with modest reductions in subsidy that are consistent with the larger NFIP subsidy issue. These efforts complement the recommendations made by the Association. FEMA does not agree that increasing the deductible should be delayed until larger scale solutions are identified and implemented.

National Environmental Policy Act

Pursuant to section 102(2)(C) of the National Environmental Policy Act of 1969, 42 U.S.C. 4371 *et seq.*, and the implementing regulations of the Council on Environmental Quality, 40 CFR parts 1500–1508, FEMA has conducted an environmental assessment of this final rule. The assessment concludes that there will be no significant impact on the human environment as a result of the issuance of this final rule, and no Environmental Impact Statement will be prepared. Copies of the environmental assessment are on file for inspection through the Rules Docket Clerk, Federal Emergency Management Agency, room 840, 500 C Street SW., Washington, DC 20472.

Executive Order 12866, Regulatory Planning and Review

This final rule is not a significant regulatory action within the meaning of § 2(f) of E.O. 12866 of September 30, 1993, 58 FR 51735, but attempts to adhere to the regulatory principles set forth in E.O. 12866. The final rule has not been reviewed by the Office of Management and Budget under E.O. 12866.

Paperwork Reduction Act

This final rule does not contain a collection of information and therefore is not subject to the provisions of the Paperwork Reduction Act of 1995.

Executive Order 12612, Federalism

This final rule involves no policies that have federalism implications under E.O. 12612, Federalism, dated October 26, 1987.

Executive Order 12778, Civil Justice Reform

This final rule meets the applicable standards of § 2(b)(2) of E.O. 12778.

Congressional Review of Agency Rulemaking

This final rule has been submitted to the Congress and to the General Accounting Office under the Congressional Review of Agency Rulemaking Act, Pub. L. 104–121. The rule is not a ''major rule'' within the meaning of that Act. It does not result in nor is it likely to result in an annual effect on the economy of $100,000,000 or more; it will not result in a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions; and it will not have ''significant adverse effects'' on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises.

This final rule is exempt (1) from the requirements of the Regulatory Flexibility Act, and (2) from the Paperwork Reduction Act. The rule is not an unfunded Federal mandate within the meaning of the Unfunded Mandates Reform Act of 1995, Pub. L. 104–4. It does not meet the $100,000,000 threshold of that Act, and any enforceable duties are imposed as a condition of Federal assistance or a duty arising from participation in a voluntary Federal program.

List of Subjects in 44 CFR Part 61

Flood insurance.

Accordingly, 44 CFR Part 61 is amended as follows:

PART 61—INSURANCE COVERAGE AND RATES

1. The authority citation for Part 61 continues to read as follows:

Authority: 42 U.S.C. 4001 *et seq.;* Reorganization Plan No. 3 of 1978, 43 FR 41943, 3 CFR, 1978 Comp., p. 329; E.O. 12127 of Mar. 31, 1979, 44 FR 19367, 3 CFR, 1979 Comp., p. 376.

2. Paragraph C. of Article 7 of Appendix A(1) is revised to read as follows:

Appendix A(1)—Federal Emergency Management Agency, Federal Insurance Administration Standard Flood Insurance Policy

* * * * *

C. For any *flood* insurance *policy* issued or renewed for a property located in an *Emergency Program community* or for any property located in a *Regular Program community* in Zones A, AO, AH, A1–A30, AE, AR, AR/AE, AR/AH, AR/AO, AR/A1–A30, AR/A, VO, V1–V30, VE, or V where the rates available for *buildings* built before the effective date of the initial Flood Insurance Rate Map or December 31, 1974, whichever is later, are used to compute the premium, the amount of the deductible for each loss occurrence is determined as follows: We shall be liable only when such loss exceeds $1,000, or the amount of any other deductible that you selected when you applied for this *policy* or subsequently by endorsement.

* * * * *

3. Paragraph C. of Article 7 of Appendix A(2) is revised to read as follows:

Appendix A(2)—Federal Emergency Management Agency, Federal Insurance Administration Standard Flood Insurance Policy

C. For any *flood* insurance *policy* issued or renewed for a property located in an *Emergency Program community* or for any property located in a *Regular Program community* in Zones A, AO, AH, A1–A30, AE, AR, AR/AE, AR/AH, AR/AO, AR/A1–A30, AR/A, VO, V1–V30, VE, or V where the rates available for *buildings* built before the effective date of the initial Flood Insurance Rate Map or December 31, 1974, whichever is later, are used to compute the premium, the amount of the deductible for each loss occurrence is determined as follows: The Insurer shall be liable only when such loss exceeds $1,000, or the amount of any other deductible that the Insured selected when it applied for this *policy* or subsequently by endorsement.

* * * * *

4. Paragraph C. of Article 7 of Appendix A(3) is revised to read as follows:

Appendix A(3)—Federal Emergency Management Agency, Federal Insurance Administration Standard Flood Insurance Policy

C. For any *flood* insurance *policy* issued or renewed for any property located in Zones A, AO, AH, A1–A30, AE, AR, AR/AE, AR/AH, AR/AO, AR/A1–A30, AR/A, VO, V1–V30, VE, or V where the rates available for *buildings* built before the effective date of the initial Flood Insurance Rate Map or December 31, 1974, whichever is later, are used to compute the premium, the amount of the deductible for each loss occurrence is determined as follows: The Insurer shall be liable only when such loss exceeds $1,000, or the amount of any other deductible that the Insured selected when it applied for this *policy* or subsequently by endorsement.

* * * * *

(Catalog of Federal Domestic Assistance No. 83.100, ''Flood Insurance''; No. 83.516, ''Disaster Assistance'')

Dated: December 12, 1997.

Edward T. Pasterick,

Acting Executive Administrator, Federal Insurance Administration.

[FR Doc. 97–32945 Filed 12–16–97; 8:45 am]

BILLING CODE 6718–03–M

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 69

[CC Docket Nos. 96–262, 94–1, 91–213, 95–72; FCC 97–368]

Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Transport Rate Structure

AGENCY: Federal Communications Commission.

ACTION: Final rule; petition for reconsideration; correction.