

subsidiary is not regarded as a likely entrant into any of the markets served by BIC in view of its small size and its past record of limiting its expansion primarily

California. Accordingly, the Board concludes that consummation of the proposed acquisition would not result in a significant adverse effect on competition in respect to this activity in any relevant area. In addition, it does not appear that Applicant's acquisition of BIC's insurance activities would have any significant effect on competition in view of the limited nature of the insurance activities which Applicant proposes that BIC would obtain following consummation of the acquisition.

It is anticipated that BIC's affiliation with Applicant will afford BIC access to Applicant's expertise and substantial financial resources, thus enabling it to compete more effectively with other consumer finance companies in the areas in which it operates. Applicant states that, as a result of this proposal, BIC would be able to expand its lending activities. Applicant proposes to provide BIC customers with a broader range of lending services and to increase the availability of larger-sized loans, loans with longer maturities, and loans at lower annual percentage rates.

Credit life and credit accident and health insurance are generally made available by banks and other lenders and are designed to assure repayment of a loan in the event of death or disability of the borrower. In connection with its acquisition of the underwriting of such insurance to the list of permissible activities for bank holding companies, the Board stated:

To assure that engaging in the underwriting of credit life and credit accident and health insurance can reasonably be expected to be in the public interest, the Board will approve applications in which an applicant demonstrates that approval will benefit the consumer or result in other public benefits. Normally, such a showing would be made by a projected reduction in rates or increase in policy benefits due to bank holding company performance of this service. (12 CFR § 225.4(a)(10) n. 7)

Applicant has stated that following consummation of the acquisition, BIC will offer at reduced premiums the seven types of credit insurance policies which it will reinsure. Since credit life insurance will be sold in each of the nine States in which BIC operates as well as in California and SPFC in California and Colorado, Applicant's proposed rate reductions vary according to the permissible rate structures in each effective State. Thus, Applicant's proposal involves rate reductions for reduced-term single and joint credit life insurance at premium rates ranging from 10 per cent to 15 per cent below the rates currently charged in each of the respective States. Applicant does not propose that BIC underwrite the credit accident health insurance sold by the California offices of its subsidiaries. However, the insurance sold by SPFC's Colorado offices and the offices of BIC in the above-mentioned nine States will be offered at

rates ranging from 3.7 per cent to 5 per cent below the premiums presently charged in each of the respective States. The Board is of the view that the reductions in insurance premiums that Applicant proposes to establish are in the public interest.

There is no evidence in the record indicating that consummation of the proposed transaction would result in any undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or other adverse effects on the public interest. In its consideration of this application, the Board has taken into account several commitments made by Applicant with respect to the discontinuance, following consummation of the proposed acquisition, of certain impermissible nonbank activities in which BIC is presently engaged.

Based upon the foregoing and other considerations reflected in the record, including a commitment by Applicant, with respect to its proposed underwriting activities, to maintain on a continuing basis the public benefits that the Board has found to be reasonably expected to result from this proposal and upon which the approval of that aspect of this proposal is based, the Board has determined that the balance of the public interest factors the Board is required to consider under § 4(c)(8) is favorable. Accordingly, the application is hereby approved. This determination is conditioned upon Applicant's obtaining approval of the proposed transaction from the Commissioner of Insurance of the State of Kansas prior to consummation. This determination is further subject to the conditions set forth in § 225.4(c) of Regulation Y and to the Board's authority to require such modification or termination of the activities of a holding company or any of its subsidiaries as the Board finds necessary to assure compliance with the provisions and purposes of the Act and the Board's regulations and orders issued thereunder, or to prevent evasion thereof.

The transaction shall be made not later than three months after the effective date of this Order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, pursuant to authority hereby delegated.

By order of the Board of Governors,
effective June 21, 1976.

GRIFFITH L. GARWOOD,
Assistant Secretary of the Board.

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FEDERAL TRADE COMMISSION
MAGNUSON-MOSS WARRANTY ACT
Modification of Implementation and Enforcement Policy

On June 18, 1975, the Federal Trade Commission announced an Implementa-

* Voting for this action: Chairman Burns and Governors Gardner, Wallach, Coldwell, Jackson, Partee, and Lilly.

tion and Enforcement Policy to assist warrantors and suppliers of consumer products to comply with the Magnuson-Moss Warranty Act (Pub. L. 93-637, 15 U.S.C. 2301-2312). This policy statement was published on pages 25721-25724 of the June 18, 1975 Federal Register. In Part 2 of this policy statement the Commission included "small aircraft" among the examples of consumer products covered by the Act. In response to this interpretation the General Aviation Manufacturers Association (GAMA), by letter dated July 1, 1975, requested the Commission to reconsider its interpretation.

The data available to the Commission indicates that no appreciable portion of new aircraft are sold to consumers, for personal, family or household use. Therefore, it is the Commission's view that general aviation aircraft are not among the products whose users Congress intended to protect under the Act's regulatory scheme for consumer product warranties.

Therefore Part 2 of the Implementation and Enforcement Policy is amended to delete the phrase "small aircraft" from the list of examples of consumer products covered by the Act.

By direction of the Commission.

CHARLES A. TOBIN,
Secretary.

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OFFICE OF MANAGEMENT AND BUDGET

COST OF HOSPITAL AND MEDICAL CARE AND TREATMENT FURNISHED BY THE UNITED STATES

Certain Rates Regarding Recovery From Tortiously Liable Third Persons

By virtue of the authority vested in the President by Section 2(a) of the Act of September 23, 1962 (76 Stat. 593; 42 U.S.C. 2652), and delegated to the Director of the Office of Management and Budget by Executive Order No. 11541 of July 1, 1970 (35 FR 10737), the following three sets of rates are established for use in connection with the recovery, as authorized by such Act, from tortiously liable third persons of the cost of hospital and medical care and treatment furnished by the United States (Part 43 of Chapter I of Title 28 of the Code of Federal Regulations) through three separate Federal agencies. These rates have been determined to represent the reasonable cost of hospital, nursing home, medical, surgical or dental care and treatment (including prostheses and medical appliances) furnished or to be furnished:

(a) For such care and treatment furnished by the United States in Federal hospitals and nursing homes, administered by any of the three Federal agencies—Department of Defense, Veterans Administration, or Department of Health, Education, and Welfare—with the exception of Canal Zone Government Hospitals—