

Assistant Vice President) 90 Hennepin Avenue, P.O. Box 291, Minneapolis, Minnesota 55480-0291:

1. *Northern Star Financial, Inc.*, Mankato, Minnesota; to acquire 49 percent of the interest in Homeland Mortgage, LLC, Morris, Minnesota, and thereby enter into a joint venture relationship with West Central Service Corporation, Inc., Morris, Minnesota, a subsidiary of First Federal Holding Company of Morris, Inc., Morris, Minnesota, a registered savings and loan holding company, and thereby engage *de novo* in making and servicing of real estate mortgage loans, pursuant to § 225.28(b)(1) of Regulation Y.

Board of Governors of the Federal Reserve System, May 18, 1999.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 99-12965 Filed 5-21-99; 8:45 am]

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FEDERAL TRADE COMMISSION

[File No. 9910101]

Provident Companies, Inc., et al.; Analysis To Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before July 23, 1999.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pennsylvania Avenue, NW, Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: Jacqueline Mendel, FTC/S-2019, 601 Pennsylvania Avenue, NW, Washington, DC 20580, (202) 326-2603.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46, and § 2.34 of the Commission's rules of practice, 16 CFR 2.34, notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with the accepted, subject to final approval, by the Commission, has been placed on the public record for a period

of sixty (60) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for May 18th, 1999), on the World Wide Web, at "http://www.ftc.gov/os/actions97.htm." A paper copy can be obtained from the FTC Public Reference Room, Room H-130, 600 Pennsylvania Avenue, NW, Washington, DC 20580, either in person or by calling (202) 326-3627.

Public comment is invited. Comments should be directed to: FTC/Office of the Secretary, Room 159, 600 Pennsylvania Avenue, NW, Washington, DC 20580. Two paper copies of each comment should be filed, and should be accompanied, if possible, by a 3½ inch diskette containing an electronic copy of the comment. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with § 4.9(b)(6)(ii) of the Commission's rules of practice (16 CFR 4.9(b)(6)(ii)).

Analysis of Proposed Consent Order To Aid Public Comment

The Federal Trade Commission ("Commission") has accepted subject to final approval an agreement containing a proposed Consent Order from Provident Companies, Inc. ("Provident") and UNUM Corporation ("UNUM"), under which Provident and UNUM will be required to submit data relating to disability insurance sold to individuals to an independent entity responsible for soliciting, aggregating, and publishing industry-wide actuarial tables, studies and reports.

The proposed Consent Order has been placed on the public record for sixty (60) days for reception of comments from interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the proposed Consent Order and the comments received, and will decide whether it should withdraw from the proposed Consent Order or make final the proposed Order.

On November 22, 1998, Provident and UNUM entered into an Agreement and Plan of Merger whereby the companies will form a new entity, UNUM Provident Corporation, with a combined stock value of \$11.43 billion. The proposed Complaint alleges that the merger, if consummated, would violate section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and section 5 of the Federal Trade Commission Act, as

amended, 15 U.S.C. 45, in the market for disability insurance sold to individuals.

Provident and UNUM are two of the leading providers of disability insurance sold to individuals. Total premiums from individual disability insurance policies were over \$4 billion last year. Disability insurance protests against loss of income due to disability from sickness, accident or injury. Unlike group disability insurance, which is made available to consumers by a third party, e.g., an employer or other organization, individual disability insurance is purchased by consumers themselves, who individually hold policies. Individual disability insurance policies are sold primarily to people who do not have group disability insurance coverage available through their employers or other organizations, or who desire to supplement group disability insurance. Each such individual disability insurance policy is individually underwritten, based on the applicant's medical background, financial portfolio and income projection, and occupation.

The proposed merger of Provident and UNUM raises antitrust concerns in the market for disability insurance sold to individuals. If Provident and UNUM merge, they will control a significant percentage of all data relating to individual disability claims. Such data is used by insurance providers to make actuarial predictions about the type, occurrence and duration of disability claims used to design and price individual disability insurance policies. In order to assist insurance providers that only have a limited amount of proprietary claims data, independent entities such as the Society of Actuaries solicit, aggregate, and publish industry-wide actuarial tables, studies and reports. Because of the amount of all industry data it will control, UNUM/Provident's participation in industry-wide solicitations for data made by the Society of Actuaries and other industry groups designated to conduct industry-wide solicitations by the National Association of Insurance Commissioners ("NAIC") is essential in order to ensure that resulting actuarial projects are credible.

Further, timely entry in the market for disability insurance sold to individuals on the scale necessary to offset the competitive harm resulting from the combination of Provident and UNUM is highly unlikely because of significant impediments to new entry. In addition to requiring data on past claims in order to price and design its individual disability insurance products, a new entrant would need expertise to predict morbidity—the likelihood that an

individual or a class of individuals will become disabled, and the length of the disability. This expertise is different from the expertise used to predict mortality, which is used to develop life insurance products. Making predictions about morbidity includes assessing the most likely disabilities, trends relating to new types of disabilities, the likely duration of various disabilities, and economic variables that may influence whether an individual is likely to make a claim. In addition, an entrant must contract with and train a large network of brokers to distribute its product. Finally, in order to evaluate claims, an entrant would have to develop a highly-skilled network of medical personnel and claims adjudicators. Because of difficulties in pricing products profitably, a number of large insurance carriers have exited the individual disability insurance market over the last several years.

The proposed Consent Order lowers barriers to expansion for existing providers of individual disability insurance. Because access to credible data on disability claims is required to design and price disability insurance policies for individuals, an existing provider of individual disability insurance without its own credible base of such data or the ability to access a credible public data base is unlikely to expand successfully. After the merger, UNUMProvident will possess a substantial percentage of available data, which will need to be contributed to a publicly available data base in order for industry-wide data to remain credible for use by smaller individual disability insurance providers. However, as a result of the merger, UNUMProvident may have an economic incentive not to contribute its data in response to industry-wide solicitations.

The proposed Consent Order requires that for a period of twenty (20) years, Provident and UNUM continue contributing individual disability claims data to an independent entity—the Society of Actuaries, the NAIC, or the NAIC's designee—that will publish actuarial tables, studies and reports. In addition, the proposed Consent Order contains terms and conditions that are intended to protect the confidentiality of UNUMProvident's data before and after it is aggregated with the data for other industry participants. For example, if Respondents' data represents 60% or more of the contributed data for any particular specification in the request for data, Respondents may require that the Society of Actuaries, the NAIC or NAIC's designee certify that Respondents' data was weighted for that

specification in order to mask Respondents' identity. The Society of Actuaries and the NAIC both indicated that they are willing and able to provide any certifications set forth in the proposed Consent Order. The Consent Order also requires UNUM and Provident to provide the Commission a report of compliance with the provisions of the Consent Order within ninety (90) days following the date the Consent Order becomes final, and within ninety (90) days of each request for submission of data. The proposed Consent Order is not intended to have any effect on the NAIC's requirements for data pursuant to the statutes and regulations of state insurance commissions.

The purpose of this analysis is to facilitate the public comment on the proposed Consent Order, and it is not intended to constitute an official interpretation of the agreement and proposed Consent Order or to modify their terms in any way.

By direction of the Commission.

Donald S. Clark,
Secretary.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

Agency Information Collection Activities: Proposed Collections; Comment Request

The Department of Health and Human Services, Office of the Secretary will periodically publish summaries of proposed information collections projects and solicit public comments in compliance with the requirements of section 3506(c)(2)(A) of the Paperwork Reduction Act of 1995. To request more information on the project or to obtain a copy of the information collection plans and instruments, call the OS Reports Clearance Officer on (202) 690-6207.

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the proposed collection of information; (c) ways to enhance the quality, utility and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques

or other forms of information technology.

Proposed Project 1. Responsibilities of Awardees and Applicant Institutions for Reporting Possible Misconduct in Science (42 CFR part 50 and PHS 6349)—0937-0198—Revision—As required by Section 493 of the Public Health Service Act, the Secretary by regulation shall require that applicant and awardee institutions receiving PHS funds must investigate and report instances of alleged or apparent misconduct in science. Respondents: State or local governments; Businesses or other for-profit; Non-profit institutions—Reporting Burden Information—Number of Respondents: 3550; Number of Annual Responses 3,663; Average Burden per Response: .497 hours; Total Reporting Burden: 1822 hours—Disclosure Burden Information—Number of Respondents: 3550; Number of Annual Responses 3,610; Average Burden per Response: .5 hours; Total Disclosure Burden: 1,805 hours—Recordkeeping Burden Information—Number of Respondents: 40; Number of Annual Responses 160; Average Burden per Response: 6.175 hours; Total Recordkeeping Burden: 988 hours—Total Burden—4,615 hours.

Proposed Project 2. Second Mail Survey for the Multi-site Evaluation of the Welfare-to-Work Grant Program—New—. This data collection will support the Office of the Assistant Secretary for Planning and Evaluation in its efforts to further document the status of Welfare-to-Work formula and competitive grantees and provide information on implementation issues as part of the Congressionally mandated evaluation of the Welfare-to-Work grants program. Respondents: Non-profit Institutions, State, local or Tribal Governments; Number of Responses: 578; Burden per Response: 1.24 hours; Total Burden: 714 hours.

Send comments to Cynthia Agens Bauer, OS Report Clearance Officer, Room 503H, Humphrey Building, 200 Independence Avenue SW, Washington, DC 20201. Written comments should be received within 60 days of this notice.

Dated: May 17, 1999.

Dennis P. Williams,

Deputy Assistant Secretary, Budget.

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