



**Personal  
Finance  
Company**

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November 19, 2010

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Re: Revisions to Reg Z – Credit Protection Disclosures  
Docket No. R-1390

Dear Ms. Johnson:

I am writing to oppose the changes to the credit insurance rules. We believe that the disclosures tell consumers to not buy these valuable products.

My company makes loans primarily to borrowers in the subprime market. Most of our borrowers live paycheck-to-paycheck, with no substantial savings and very little, if any, individual insurance coverage. They do not have the time or money to consult with financial planners and to pay for extensive term life or expensive whole life coverage each month. There are also many who work in manual labor and other dangerous occupations, which make qualifying for term life or individual disability products very difficult, if not impossible.

With no savings and no other insurance, it is imperative for our borrowers to have affordable credit protection products available to them. They understand better than anyone the importance of planning for the death, disability, or unemployment of the family's breadwinner. If one or both of their household salaries are lost, they will be in financial ruin immediately. They simply have no other safety net and are constantly walking a tightrope financially.

Your disclosures, however, tell these consumers that it is foolish to protect their families. You assume that everyone has other insurance and are financially sound. This is simply not the case, especially in this Great Recession. It is more important than ever to offer these products to our borrowers, but you would hamper that by telling consumers that these products are a rip-off. Nothing could be further from the truth.

We ask the Board to withdraw the credit protection proposal or, alternatively, to reconsider more balanced, objective disclosures.

Sincerely,

Stevan P. Schmelzer, President and C.E.O.  
Personal Finance Company LLC