

From: Advantis Credit Union, Mary Ellen Lanzisera
Subject: Regulation Z - Truth in Lending

Comments:

Thank you for the opportunity to comment on the proposed regulations- specifically the proposal regarding the disclosures for credit insurance and debt cancellation products. While our credit union currently offers several optional debt cancellation products to our members, we have offered optional credit insurance/disability insurance coverage for many years. We are familiar with both the cost and the benefits of the products and believe that the disclosures, as proposed, are negative and misleading.

We agree with the Board that consumers should be provided with clear information on the cost and benefits of the product. They should also be clearly advised about the optional nature of the coverage and any right they have to cancel the product and avoid future charges. When presenting our debt cancellation products to members, we provide clear information about the benefits of the products as well as the amount of the monthly premium so our members can make an informed decision on whether to purchase the product.

But, while we agree with the Board's goal of providing pertinent facts to give consumers the information they need to make informed decisions, the proposed language for the credit insurance and debt cancellation disclosures does not provide clear, factual and objective information for the consumer to evaluate. In fact the disclosures advocate against the purchase of these products by telling consumers they "may not need" them, "won't receive any benefit", and "similar products are available that are less expensive". The result is a disclosure that would discourage any reasonable consumer from even considering the merits of the product before deciding against it. An analysis of the facts behind each of these statements reveals what a disservice this would be to consumers.

If you already have enough insurance or savings to make payments on this loan you may not need this product. A reasonable consumer reading this statement would believe that as long as they have life insurance equal to or exceeding the loan amount (or sufficient savings) they are adequately protected and, therefore, don't need the coverage. Is that enough to truly protect the consumer and his/her family? For example, assume a consumer has \$200,000 of life insurance and is taking out a \$20,000 loan to purchase a car. Based on the above statement the consumer would assume that he has all the insurance he needs. What if the \$200,000 is needed to pay off a mortgage or other debts, cover funeral and unreimbursed medical expenses, or provide living expenses for the consumer's family while the surviving spouse looks for a job? Similar considerations come into play when a consumer considers disability coverage. Does the consumer have disability coverage? If so, will the amount she receives be enough to cover all of her and her family's expenses? Will there be additional expenses- such as unreimbursed medical expenses? But a consumer reading the above disclosure would conclude he/she is adequately covered without further consideration.

Other types of insurance can give you similar benefits and are often less expensive. The reality is that the ability of a consumer to obtain insurance coverage as well as the cost of that coverage will depend on a number of factors such as age, health, medical history, etc. There is no way to know

whether an individual consumer will be able to obtain life insurance or disability insurance or if the cost of that coverage will actually be less expensive. However, when consumers read the above statement they will think that it will be easy to do so and therefore less likely to consider the merits of the debt cancelation product or credit life/disability insurance offered.

You may not receive any benefits even if you buy this product. This statement is just false. Like all insurance or debt cancelation products, the immediate benefit is peace of mind. They are intended as safety nets- we hope we never need them but take comfort in knowing that they are there to protect us or our family in the event something should happen.

We respectfully ask the Board to either retain the current disclosures or rewrite the proposed disclosures using neutral language.

Mary Ellen Lanzisera
Advantis Credit Union