

From: Texas Bay Area Credit Union, Paul Withey  
Subject: Regulation Z - Truth in Lending

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Comments:

December 22, 2010

Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

Sent Via Email to: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Re: Proposed Changes to Credit Insurance Disclosures under Regulation Z  
and the Truth-in-Lending Act

Docket No. R-1390

Dear Board of Governors:

Texas Bay Area Credit Union is located in Houston, TX, serves over 26,000 members, is approximately \$240 million in assets, and is opposed to the Federal Reserve Board's recent proposal that will mandate specific disclosures for payment protection products, including credit life, credit disability, debt cancellation, and debt suspension coverage.

Payment protection products help credit union members make loan payments in times of need. This provides members with peace of mind, especially for those members that do not have, and may not qualify for, other types of insurance. These products also help protect member's credit ratings, which is invaluable in ensuring that they have continued access to credit at reasonable rates.

Although Texas Bay Area Credit Union is a community-chartered credit union, many of our members are still affiliated with one of our Select Employee Group (SEG), which is in the oil and gas manufacturing industry. These members work in a hazardous environment and by electing payment protection products, these members recognize the peace of mind these products offer. For example, recently a member was injured on the job and was placed on disability. While the member was fighting for disability checks, the member's loan payments, several hundred dollars per month, were covered by the insurance products offered by the credit union. This insurance coverage helped save the member's credit and avoided the member from becoming a collection issue. Several Texas Bay Area Credit Union members share similar situations.

Texas Bay Area Credit Union has always supported fair, accurate, and appropriate disclosures for members that purchase credit insurance products. However, these proposed disclosures by the Federal Reserve Board are overly negative, inaccurate, unclear, and misrepresent the purpose and value of payment protection products to credit union members. These overly negative, inaccurate, and unclear disclosures would misrepresent the purpose and value of payment protection products and could cause confusion that would make members choose not to elect these types of coverage.

Texas Bay Area Credit Union is concerned that a significant portion of credit union members, whom would benefit from these products, will elect not to purchase them because they would be told that these products are bad and inferior resulting from the new disclosure requirements. This decision to not purchase these products will potentially expose members to unnecessary risks if they are unable to make future payments. Furthermore, Texas Bay Area Credit Union believes the Federal Reserve's sample size used to propose changes to the Credit Insurance Disclosures under Regulation Z and the Truth-in-Lending Act was too small for such broad changes to the regulation.

Texas Bay Area Credit Union urges the Federal Reserve to not support the proposed changes to Regulation Z, specifically changes to payment protection coverage. The government does not promote certain types of products and services in other industries and has no reason to do so for insurance products.

Sincerely,

Paul Withey  
VP of Strategic Development and Public Relations  
Texas Bay Area Credit Union