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Subject: Regulation Z - Truth in Lending

Comments:

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December 20, 2010 Board of Governors, Federal Reserve System 20th Street and Constitution Ave, NW Washington, DC 20551 Subject: Comments on Proposed Regulation R-1390 Dear Board of Governors, I wish to comment on the proposed disclosures for Credit Life, Credit Disability, and Debt Cancellation products contained within Proposed Regulation R-1390. First I want to make it clear that I am strongly in favor of having clear and easily understandable disclosures available to all consumers for all products. I do however feel that the disclosures, as proposed, present these products in a very negative light and I am fearful that our members, upon reading these, will make a decision that could adversely affect them and their families. I would like to provide a little information about the benefits that our members have derived from these products in recent history. In the period from 2007 to 2010, the CUNA Mutual credit life insurance product has paid claims on behalf of 108 of our members for a total of \$xxxxxx. During the same period the credit disability product has paid claims on behalf of 286 members for a total of \$xxxxx. I hesitate to think of the situation these members and their families would be in if they had not made the choice to purchase these protective products. In the policy year that ran from July 1, 2009 to June 30th 2010 the premiums for the protection that our members purchased versus the claims paid are as follows;

Premiums paid	Claims paid	Credit Life	Credit Disability	Total
\$xxxxx	\$xxxxx	\$xxxxxx	\$xxxxxx	\$xxxxxx

Percent of premiums returned as member benefits; 87%
Clearly, this indicates that this protection is a genuine value to our members. To further reinforce that thought, I should mention that we have had numerous members thank us for offering these protection products and some have offered to speak at staff meetings to express their appreciation. I think that the contemplated disclosures do not consider the reasons that consumers purchase insurance

especially in view of the proposed wording. I am a consumer and I have to say that I do not purchase insurance with the expectation of making claims. Frankly, I hope that I never have to make a claim. Rather, I purchase insurance for the peace of mind it offers me in knowing that, should something happen either in the form of a disability or even death, my family will be able to meet its obligations going forward. So I think the question, "Do I need this product?" and the supporting statement is somewhat misleading because savings may not be sufficient. Perhaps the purchaser wants to protect the family savings for the future instead of the current disaster. As proposed, the first thought a reader of this section might have is a negative thought toward the product. After all, you could make the same statement about auto insurance, homeowners insurance or, even health insurance. The other thing to think about is that the other types of insurance that might be available may not be available in the smaller increments that are specific to credit insurance or may have health verifications needed. The next section of the disclosure that I want to comment on is the portion that starts with the question; "Can I receive benefits?" I think to say "You may not receive benefits even if you buy this product" is another misleading statement. It goes to the reasons that consumers buy any insurance product, does it provide protection from extraordinary circumstances and does it provide peace of mind? I have been buying homeowners, auto insurance, and life insurance for over 40 years. Have I received any benefit from this? Yes, but not in the form of a monetary return on my premiums, rather in the form of satisfaction that I am protected. I don't need to file a claim to be satisfied with the product and I feel it is inappropriate to portray these products in a negative light when there are many valid reasons for consumers to purchase insurance other than monetary benefits. Let consumers make their own decision based on clear disclosure of the costs of protection without implying through negatively worded disclosures that these things are of no value. As stated earlier, I favor clear understandable disclosures and would be an ardent supporter of these but I cannot support such negative intonation contained within the proposed disclosures. Let's take the bias out of these and let consumers make a well reasoned decision based upon the best available factual information without innuendo. I believe the proposed wording will lead consumers to make decisions that may not be in their best interests. We believe that the credit life and credit disability protective products that we offer to our members represent a legitimate value to our members and the numbers above support that assertion. Sincerely, Michael T. Chisholm