GS Administrators, Inc.
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December 22, 2010

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

Re: Proposed Rule – Revisions to Reg Z – Credit Protection Products
Docket No. R-1390

Dear Ms. Johnson:

I am writing on behalf of GS Administrators, Inc. and Servco Life Insurance Company to oppose the Federal Reserve Board Proposed Rule R-1390 requiring changes disclosures addressing to credit insurance and dept protection products. We believe that the proposed disclosures are misleading and will hurt the consumers that purchase these products.

We have been offering credit insurance and Guaranteed Asset Protection ("GAP"), a form of debt cancellation, for many years and our customers have found them to be a beneficial. They provide a valuable benefit, as well as peace of mind knowing that their car loan(s) will be taken care of if the borrower dies or becomes disabled or if their car is declared a total loss due to theft or accident.

When auto dealers offer credit insurance or GAP to our purchasers, it is done in a responsible manner, designed to follow the law and fully inform the purchasers about the product. Required disclosures are provided to them. We have no problem with providing new or revised disclosures, as long as such disclosures are reasonable and accurate. However, we believe the Board's new proposed disclosures are inaccurate, misleading and unduly negative. We do not object to and, in fact, encourage disclosing the terms and conditions of all financial products. It is in both the consumers and our interests to assure that the terms and conditions of the agreement are understood. However, we must object to requirements with underlying tones of bias and negativity as is proposed by the Board. For example,

"Other types of insurance can give you similar benefits and are often less expensive."

We do not believe this is an entirely true statement or that there is definitive empirical data for this statement in the context of credit insurance that is directly tied to the loan. Therefore, it should not become a required disclosure.

Second, in the case of GAP, the statement is not entirely true. GAP (not an insurance product in most states) operates to waive any auto loan deficiency when the primary automobile insurance carrier's payment does not extinguish the outstanding loan balance in the event of theft

or a total loss of the vehicle. The purchase of GAP provides valuable coverage and the consumer likely has no other protection for this loss. Their primary insurance carrier has already settled the claim; the waiver or debt cancellation of the remaining balance means they do not have to continue to pay on a loan for a vehicle that that has been destroyed or stolen.

"You may not receive any benefits even if you buy this product"

This statement is inflammatory and misleading. It appears to discourage the consumer from purchasing the product and prohibit them from making their own assessment or opinion. Credit insurance and GAP are a products that a consumer voluntarily chooses to buy, pays a fee for and hopes they will never need. No one wants to die, become disabled or have their car totaled or stolen. However, just because these events did not happen during the term of the retail installment contract does not mean that purchasing the products was a bad purchase.

Consumer Testing of Disclosures. Besides the content of the disclosures, we object to the proposal because of the faulty consumer testing of the disclosures. First, the Board has stated that it based the new disclosures on consumer testing. However, they were tested only by ten consumers in the first round of testing, and eight consumers in the second round of testing. This is not a representative sample large enough to form any valid conclusions; especially considering the fact that these disclosures would be provided to millions of consumers each year.

The Board did not test the existing Reg Z disclosures for these products. The Board created a new form of its own accord. The Board tested that new disclosure and found that the handful of consumers questioned could not understand it. This test has nothing to do with the current Reg Z disclosures being used in the marketplace every day.

The Board tested their created disclosures in connection with credit life insurance on closed end loans only. This is a very small sampling of the loan types and products available. The board did not test any existing GAP product disclosures.

Conclusion. Finally, we draw the Board's attention to the fact that consumers are pleased with these products. Over the years, we have received comments from customers or their family members who have shown much appreciation for the protection. For example, in October 2011, a customer called our office and commented about her GAP protection: "The representative was very courteous. I wanted to thank you for that and I wanted to thank you also for the GAP coverage because it gave us such a feeling of security when this accident happened and we were prepared right from the get go that it would be a total loss and just knowing that this would take care of anything that the insurance company wouldn't. Thank you again." This comment is indicative of many other customers' experiences with GAP.

We believe the additional disclosures proposed by the Board are misleading and do not further the purpose of TILA. They could unduly discourage consumers that want and need these products that could provide a great benefit to them. We respectfully ask the Board to withdraw the Proposed Rule, alternatively, to reconsider more balanced, objective disclosures.

Sincerely,

Stephen L. Amos dwg

Stephen L. Amos
President