

Chemcel Federal Credit Union
5740 CR 4
Bishop, TX 78343

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

Re: Proposed Changes to Credit Insurance Disclosures under Regulation Z and the Truth-in-Lending Act
Docket No. R-1390

Dear Board of Governors:

As the President/CEO of a \$75 million credit union located in Bishop, Texas I am concerned that the proposed credit insurance disclosure, that while well intended, does not promote the value that can actually be obtained from having this credit insurance product.

The credit union serves a large population of chemical company employees. The type of work many of these men and women do is physically demanding and inherently strenuous profession. The wording in the proposed document is extremely prejudice and promotes only a worst case scenario. For example:

- ***Do I Need This Product?*** How much is enough insurance, do you want to leave existing insurance to your spouse, do you want to use savings to pay off the loan, what other similar insurance are available, could you qualify for alternative insurance – the form does nothing to answer the question but simply raises potential issues.
- ***How Much Does It Cost?*** The credit union uses a monthly add-on amount which is based on the outstanding loan balance at the time the monthly premium is assessed. The cost is bold and underlined making it appear this is the normal monthly cost.
- ***Can I Receive Benefits?*** The form underlines and bolds the statement “You may not receive any benefits even if you buy this product”. This is statement while true on the surface could be said for home owner insurance, term life insurance, automobile insurance, an umbrella policy insurance or basically any other form of insurance. I

A disclosure of the following makes sense and does not impart subjective opinions or points of view:

- Disclose the cost as a percentage of the outstanding balance or a range from highest to lowest;
- Disclose the maximum benefit;
- Disclose how benefits are received, and;
- Disclose the term of the insurance.

This is factual and concise information. It does not inject subjective information as the sample form indicates. Provide the consumer information not a subjective federal imposed opinion.

It appears the intent of the Federal Reserve Board is to override state rights as applied to insurance regulation by requiring the credit union to comply with state disclosure compliance plus comply with federal insurance disclosure requirements. The consumer could actually become confused as they read or sign two sets of insurance disclosures before obtaining a loan.

I do not believe that providing actual examples of members being protected with this insurance is required but could readily do so if desired. The purpose of this letter is to urge the Federal Reserve Board to use common sense if additional disclosure is needed for this insurance product.

I know fair, accurate and concise information will provide the consumer the most logical basis for evaluating insurance products. If the intent is to put the insurance in a negative light, impose subject opinions and sway a segment of consumer away from this type insurance the proposed form accomplishes this objective. If the intent is to provided the consumer usable information when evaluating the insurance the form needs to be eliminated or modified from the proposed form.

Sincerely,

Michael Engel
President/CEO
Chemcel Federal Credit Union
Bishop, Texas

[Redacted signature]