



# Rockdale Federal Credit Union

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**Rockdale Federal Credit Union**  
**Rockdale, Texas 76567**

December 23<sup>rd</sup>, 2010

**Jennifer J. Johnson**  
**Secretary, Board of Governors of the Federal Reserve System**  
20<sup>th</sup> Street and Constitution Ave., NW  
Washington, DC 20551

**Fax: 202-452-3819; 202-452-3102**  
E-mail: [regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

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

**Dear Ms. Johnson,**

**Good day to You and May You, Yours and the Federal Reserve Board have a very blessed, safe and joyous Christmas and Holiday Season.**

In taking time to pen this note today, **it is important to Me, my Board of Directors and our Rockdale Federal Credit Union (RFCU) members** that over or incorrect/misleading disclosure concerning Credit Insurance products could very easily cause confusion and distrust amongst our membership when Rockdale Federal Credit Union presents the member the option of a quality, group rated membership product. Rockdale Federal Credit Union totally supports accurately stated and fair disclosures while offering products that are very price competitive; this results in RFCU not gouging our membership for the essential product.

**Concerning the proposed legislation, the language appears to be quite negative while being somewhat unclear and vague.** This not only makes it hard on the member, it makes it hard for our loan/member service staff to explain. Most often, the good products we offer are much less in price than many individuals could attain through other sources. **Distrust caused by vague disclosures could certainly cause a member to not desire the product that could protect his/her financial freedom in cases of tragedy or illness.**

**To emphasize our point, here are a couple of recent examples:**

1. "A member was diagnosed with cancer in 2007 which was not deemed life threatening at the time and the member was able to continue to work. He received a vehicle loan from RFCU after his diagnosis which included credit life insurance. The cancer became very aggressive in 2010 and the member recently died. The vehicle loan was one which financed a vehicle that his college student son used for his transportation. The claim was filed for the loan and the loan was paid off by insurance. The son, instead of having to either quit college to try to pay the note or possibly have the vehicle repossessed because he could not pay the note,

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now has a vehicle paid for and continues his college education. This is a “feel good” factual story yet shows the benefit of the credit insurance products. “

2. “Another member, several years ago, received a vehicle loan from Rockdale Federal Credit Union and chose to take our credit disability insurance product. The member became unexpectedly disabled and was in a gray area of whether he actually qualified for the disability insurance. Upon review, the insurance determined the member was not eligible to receive the payments because of a timing issue of when he became disabled and when he actually took out the loan/policy. RFCU worked closely at the time with the insurance company but had to agree that it was the correct decision. However, about 2 years or more later, the insurance company, during a normal audit procedure, determined that it should have been paid. Our member received a total reimbursement of what the credit disability insurance should have paid plus interest. It actually totaled much more than I would have anticipated. This is another “feel good” factual story that shows the good these products can bring to affected individuals.”

**To close, states have their own insurance disclosure rules and double disclosure is most burdensome and confusing, negative and vague disclosures could cause the regulation to do more harm than good and could effectively expose millions of credit union members throughout the United States at future financial risks.**

**Thank you for your consideration, May God bless you and your decision making process.**

**Most Sincerely and Respectfully,**

  
**Ronald W. Montgomery, President**