



P.O. Box 250169 | Plano, Texas 75025-0169 |

December 23, 2010

Ms. Jennifer J. Johnson  
Secretary of the Board  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
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 Ms. Johnson:

Thank you for allowing InTouch Credit Union (ITCU) the opportunity to submit our comments on the Proposed Changes to Credit Insurance Disclosures under Regulation Z. ITCU is an \$850 million institution chartered in 1974 and operates twenty (20) branches in six (6) states. Headquartered in Plano, Texas, it serves over 72,000 members living in all 50 states and 23 foreign countries.

First and foremost please know that ITCU supports fair, accurate, and appropriate disclosures so members can make informed decisions. However, the proposed language in the new disclosures as we understand them is not designed to enlighten consumers. They are overly negative, assume facts not in evidence, and penned to misrepresent the value, purpose, and reason for credit insurance. I sincerely hope you never have to discuss with a surviving spouse, struggling to meet the family's financial needs on one salary, why the credit union has no choice but to repossess their vehicles in the middle of unforgiving collection actions by numerous other parties. Conversely we consider it a valuable service to be able to tell a grieving family "don't worry about the loans, the credit insurance you purchased paid everything off!" We've had to have both conversations and strongly feel the language (as proposed) will inadvertently cause more pain than relieve any lack of transparency or purported clarity problems you're attempting to solve.

ITCU doesn't earn much revenue from these products. In fact, the rates we charge are slightly above our cost to provide true value and peace of mind to our members. New disclosures that question the value of this coverage will ultimately cause more harm than good. Considering no traditional health underwriting criteria is required, many of our members either don't have alternative forms of insurance or underestimate the expense their traditional insurance will cover, while understanding the cost of their credit insurance regularly decreases as the loan balance declines and the choice of coverage is independent and removed from the loan decision.

Time and time again, too many Americans experience the unintended consequences of federal government regulations because the scope of the intended benefits were too narrow, the rules were crafted in a vacuum, or no one dared to forecast the potential results of the regulations prior to

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implementation. We operate branches in Texas, California, Michigan, Virginia, Pennsylvania, and Nevada; all with robust insurance departments and/or divisions dedicated to protect their constituencies. A new additional round of disclosures will probably be confusing at best, as well as more burdensome on those credit unions serving members in multiple states. The theoretical goal of information delivery may be your aim, but many federal regulations produce the opposite result. Please don't allow that to happen in this case.

In closing, we appreciate the opportunity to comment on the proposed regulation and strongly wish you take under advisement the consequences the current proposal will create. Please feel free to contact us if you would like any additional information.

Sincerely,



Kent L. Lugrand  
President & CEO  
InTouch Credit Union