

From: Val Brooks  
Subject: Regulation Z - Truth in Lending

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Comments:

Val Brooks

December 8, 2010

Dear Federal Reserve Board:

I was a loan officer and in loan management for almost 20 years at a credit union before coming to the Idaho Credit Union League. Your recent proposal (R-1390) that changes the disclosures for various credit insurance products concerns me greatly.

I am writing to you because I do not think that the disclosures you have created will provide the real information consumers need to make decisions about credit insurance. Quite the contrary, the language seems to be designed to discourage them from buying insurance at the time they obtain a loan. And when they are sick, disabled, or deceased it is too late to buy insurance for that loan.

Additionally, the disclosures you suggest nearly indicate that a decision to purchase protection through credit insurance products is bad. And, like most other types of insurance, credit insurance is peace of mind and a great help in serious times of need. Obviously if it is never used then - again - like other insurances (car, fire, theft, homeowner, flood, etc) it has been paid for and not used but THAT is a GOOD thing! It means that for a few dollars a month the consumer has peace of mind and does not have to worry about making a loan payment if they are sick or disabled or having thier family pay if they are deceased.

During my years of making loans, counseling with members, and answering many questions I also witnessed numerous times credit life and credit disability helped my members in their greatest times of need. When a member obtained their loan and I asked them whether or not they wanted to purchase a credit insurance product; they typically asked me 1) if they needed it; 2) how much it would cost; 3) what benefit it provided; 4) what would happen if they did not purchase it; and 5) would I purchase it if I were getting a loan. My answers were always the same: 1) I told them that it was a personal decision whether they needed it or not, that they could determine for themselves if they needed it by deciding what they would do if they were sick or disabled or what their family would do about paying the loan if they died. If they could handle the payments then they may not want the added protection; 2) I gave them the cost; 3) I told them the benefits and limitations of the product; 4) I told them the loan was not determined by whether or not they purchased the insurance; and 5) that I personally usually purchased the protection when I obtained a loan because I felt it was valuable to me and my family.

On a couple of occasions I had the difficult job of telling a surviving spouse that their husband had cancelled the life insurance on a vehicle

loan. And other times I had to tell them they never purchased the insurance and therefore they had to make the payments. The worry and added stress that caused was heartbreaking to watch. And when someone was sick or disabled and had chosen not to purchase the insurance, several times during my lending career I heard, "I wish I had bought that when I got the loan because I could sure use it now." or "Is there any way to add that?" after the illness or accident. And, of course, I could not.

As a two-time cancer survivor, I would not consider having a loan without purchasing credit life and disability. I realize there is a waiting period and I still make the decision to purchase the insurance. And I realize the limitations to the products I buy because my credit union already clearly and accurately discloses the information.

I, and all Idaho credit unions, champion consumer protection. Our members trust us to provide good products and services, including loan protection products, at reasonable prices. Please do not place unnecessary language in disclosures that will surely discourage consumers from purchasing important credit insurance products for their peace of mind and protection.

Thank you for your time.

Sincerely,

Val Brooks